FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,888 Tuesday March 25 1986 D 8523 B

Milan: bulls take control of bourse, Page 19

World news

US says Libya fired on its jets

US ships and jet fighters conducted fresh manoeuvres off the coast of Libya yesterday, intercepting at least 19 Libyan reconnaissance aircraft, as Soviet ships watched, US Navy officials said.

The Saratoga, one of three aircraft carriers among the more than 30 US ships in the area, came to within 150 miles of the disputed Gulf of Sirte.

In Washington, defence officials said Libyan forces had fired at least two anti-aircraft missiles at US jets during the manoeuvres. Earlier report, Page 5

Extradition sought

London has sent to Dublin nine new warrants seeking the extradition of Evelyn Glenholmes for alleged Irish Republican Army (IRA) terrorist offences. A Dublin court freed Miss Glenholmes on Saturday because of errors in previous warrants. Page 10

BL policy move

UK Trade Secretary Paul Channon will today attempt to clarify to MPs the Government's future policy on BL. This follows the collapse of talks with General Motors over the sale of BL's trucks and Land Rover subsidiaries.

Kohl coalition split

Chancellor Helmut Kohl's coalition remained divided over West Germany's proposed Star Wars role as Economics Minister Martin Bangemann flew to Washington to conclude negotiations on the US projects. Page 3

French farm aim

France's new Farm Minister François Guillaume said his first aim in the EEC farm crisis would be to preserve and improve the incomes of his farmers. Page 3

Sudan rebels' deal

Southern Sudanese rebels said they had agreed in principle to take part in a constitutional conference in Khartoum if the Government created conditions in which it can be held.

Shultz talks stall

Turkey and the US appeared to be finding it difficult to resolve differences on a range of issues which include the terms of a new defence and economic co-operation agreement, as the visit by US Secretary of State George Shultz moved into its final 24 hours.

Prisoners escape

Police in Pakistan launched a hunt for 31 condemned prisoners who were freed when 40 people in police uniforms stormed a prison north of Karachi using automatic weapons and scaling ladders.

Plea to Yugoslavia

Nazi-hunter Simon Wiesenthal has urged Yugoslavia to respond to charges that former UN Secretary General Kurt Waldheim was listed as a suspected Nazi war criminal wanted by Yugoslavia for complicity in murder. Page 2

Suspect questioned

A former Belgian policeman is being questioned about a series of supermarket attacks in the Brussels region last year and in 1983 that left 23 people dead.

Pakistan aid

US has agreed to a new six-year $4.02bn arms and economic aid package for Pakistan to replace the current package due to run out in 1987.

Chad minister

President Hissene Habre of Chad has named former rebel leader Gen Djibril Djogo as Justice Minister.

Extradition accord

Spain and Britain took the final legal step to allow a new extradition treaty between the countries to come into effect in July.

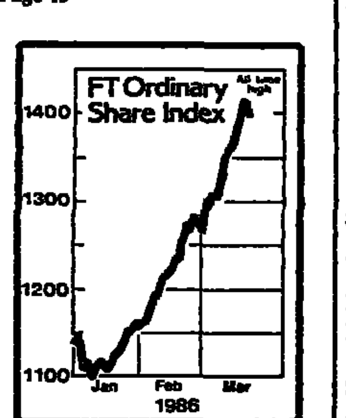
Business summary

Du Pont and BT in optics venture

BRITISH Telecom and Du Pont of the US plan to invest about £100m ($150m) during the next four years in a UK-based joint venture to mass-produce advanced opto-electronic equipment for telecommunications networks. Page 20

WALL STREET: The Dow Jones industrial average closed 14.37 up at 1,782.93. Page 46

TOKYO turned lower in light selling after tighter controls on margin trading. The Nikkei market average closed 37.96 lower at 14,975.23. Page 46



LONDON: Efforts to shake out loose short-term equity holders resulted in the biggest retreat since December last year. The FT ordinary index lost 17.5 to close at 1,394.6, while the FT-SE 100 index was 24.4 down at 1,653.9. Page 46

DOLLAR was firmer in London, rising to DM 2.2885 (DM 2.2415), FFr 7.02 (FFr 6.8975), SFr 1.917 (SFr 1.8715) and Y178.85 (Y175.75). On Bank of England figures the dollar's index rose to 118.1 from 116.7. Page 39

STERLING lost 2.45 cents against the dollar in London to $1.469 but remained firm against other currencies, closing at DM 3.405 (DM 3.3875), FFr 10.4525 (FFr 10.425), SFr 2.855 (SFr 2.83) and Y266.25 (Y263.5). The pound's exchange rate index closed unchanged at 75.9. Page 39

GOLD fell $3.50 on the London bullion market to $350.75 and was $2.50 lower in Zurich at $350.50. In New York the Comex April settlement was $351.3. Page 38

STEEL output in non-communist countries rose 0.5 per cent to 34.4m tonnes in February, against a year earlier, with an increase in the US matched by a cut in Japan, according to the International Iron and Steel Institute.

ITALY reported sharp improvement in its overall balance of payments for last month, with a deficit of L946bn ($617m) against a deficit of L3,296bn in January. Reserves, including gold, were marginally up at L82,104bn at the end of February compared with L81,963bn at the end of January.

SWEDEN has turned down an approach from Anheuser-Busch, the US brewery, for a takeover of Pripps, 75 per cent state-owned company that controls more than 50 per cent of the Swedish beer market. Page 21

BARCLAYS BANK'S Italian operation last year incurred losses totalling L52bn ($338.1m), a deficit larger than the bank's L37bn nominal Italian capital base. Page 21.

ZALE CORPORATION, world's biggest fine jewellery retailer, plans to withdraw from the European market and is considering a number of options including the sale and a public offering of shares in its chain of almost 200 jewellery stores in the UK, West Germany and Switzerland. Page 21.

WE REGRET that Canadian prices were not available for this edition due to communication problems.

Oil prices slide as Opec fails to agree on output

BY RICHARD JOHNS IN GENEVA AND MAX WILKINSON IN LONDON

CRUDE OIL prices fell steeply in Europe and New York yesterday as the meeting of Opec oil ministers broke up, having failed during nine days of exhaustive discussion to agree any strategy to reduce output.

The failure of the Geneva meeting left deep and unresolved differences, which were exacerbated by the bitter Gulf war between Iraq and Iran. The ministers agreed to meet again on April 15 and to attempt further discussions with non-member producers about their common predicament.

However, although some Opec ministers were refusing to admit defeat, one senior oil company executive commented: "They messed it up completely. They weren't even able to get a face-saving agreement that might have kept the price up *for a little while. They may not even* bother to meet on the 15th; they are so far apart."

Their failure to agree a credible plan for limiting oil production left an expectation among traders yesterday that prices will continue to be weak and may fall well below $10 per barrel as the spring weather reduces demand.

On the New York Mercantile Exchange yesterday the break-up of the oil cartel meeting was greeted with a $2.94 fall in the price of crude for May delivery to $11 a barrel.

Prices later recovered somewhat as traders speculated whether the Libyan attack on US fighter aircraft might lead to a new Middle East crisis. However, the market remained highly volatile and uneasy, with sentiment "generally negative," traders said.

Mr Peter Beutel, assistant director of Rudolf Wolff Futures, said: "I have never seen a fall this big. At the opening, buyers just ran away."

In Europe the price of North Sea Brent spot market before recovering somewhat, with Brent crude for May delivery trading at around $12.

News of the Opec meeting's collapse pushed sterling down again after it had opened sharply higher *yesterday morning. Against the D-*Mark it gave up most of a 7 pfennigs gain to close in London at DM 3.4050. The Bank of England's trade weighted index opened a full point higher at 76.9, but closed at 75.9, the same level as on Friday.

The pound lost 2¾ cents to end in London at $1.4690 against the dollar, which made ground against other currencies as a result of signs of increasing anxiety at the Japanese central bank about the level to which the yen has risen. During the day the dollar made up over Y3 to close at Y178.85. It also rose to DM 2.2885, 4½ pfennigs higher than Friday's close.

Changes in climate during the coming months are expected to reduce demand for Opec oil to around 14m or 15m barrels a day (b/d) compared with present output of around 17m b/d. But although the ministers generally recognised the need to reduce production if they were to have any hope of arresting the recent slide in oil prices they failed to get near any agreement about how to share the cuts.

After the meeting in Geneva Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, said that the Kingdom had not renounced its policy – formally adopted by Opec in December – of giving priority to recov*ering market share for producers of* the 13-member organisation rather than maintaining prices. This was the "only practical approach" for Opec, he said.

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IMF warning, Page 3; Lex Page 20; Egyptian oil development, Page 20; Commodities, Page 38; Money markets, Page 39; World stock markets, Page 46

Imasco launches C$2bn takeover for Genstar

BY ROBERT GIBBENS IN MONTREAL

IMASCO, the Canadian tobacco products, fast foods and retailing group, has bid about C$2bn (US$1.43bn) for Genstar Corporation, one of Canada's largest financial services companies. The bid is one of the largest seen in Canada.

Imasco, 44 per cent controlled by BAT Industries of the UK, earned net profits of C$210.3m, or C$1.93 a share, on revenues of C$3.27bn in the first three quarters of the fiscal year ending March 31. The company has been looking for an acquisition for two years.

Genstar earned C$171.2m, or C$4.16 a share, on revenues of C$2.3bn in calendar 1985. It acquired Canada Trustco last August and merged it with a previously acquired trust company.

Imasco failed in a bid to buy Canadian Tire Corporation in 1983 for more than C$3bn. It has a big fast foods business in the US, controls more than 50 per cent of the Canadian tobacco products market and owns a rapidly expanding drugstore chain in Canada and the eastern US. Imasco has begun its tender offer in Canada and the US for all the outstanding shares of Genstar at C$54 cash a share through a subsidiary, Imasco Enterprises.

It already has the right to buy 18.3 per cent of Genstar's 37m shares outstanding for not less than $54 from the Société Générale Belgique group, the Belgian financial holding company which has long been Genstar's largest single shareholder. This would provide about C$350m to Société Générale, which has been restructuring its capital base.

Imasco had talks with Genstar management at the weekend about the bid but the meeting did not bring an agreement.

Mr Paul Pare, Imasco chairman, said the company had long been seeking a "fourth leg," preferably in Canada, to add to its existing businesses. It was particularly interested in the financial services part of Genstar, especially Canada Trustco.

"We sincerely hope Genstar will view our proposal in the same favourable light it has been received by Genstar's largest shareholder group."

Imasco has received commitments from a banking group led by the Bank of Canada to provide a US $1.875bn credit facility to finance the Genstar acquisition.

Imasco said its offer will expire on April 25, with withdrawal rights expiring on April 14.

Dealer managers for the tender offer in Canada are McLeod Young Weir and Richardson Greenshields of Canada, and in the US, First Boston Corporation.

In Vancouver Genstar said it was reviewing the "unsolicited" share offer from Imasco and the board would consider the offer at a special meeting "in the near future."

The company said it became aware of Imasco's interest in acquiring control after the close of markets on Friday.

Until last September, Imasco had to submit any major acquisition in Canada to the Foreign Investment Review Agency because of the interest held by BAT. However, as a result of a reduction in BAT holdings and changes that came about in the recent Investment Canada Act, Imasco is classified as a Canadian company and the Genstar acquisition is not reviewable. Genstar already is classified as a Canadian company.

Imasco had always said that it preferred to invest its surplus resources in Canada, but for several years, because the federal Government refused to grant it Canadian status, it threatened to look again in the US. Imasco also made clear that if its Genstar bid succeeds, it may sell off some or all of Genstar's non-financial businesses such as

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Pickens has to pay greenmail

BY WILLIAM HALL IN NEW YORK

MR T. BOONE PICKENS, the Texas oilman who has in the past made hundreds of millions of dollars in profits by persuading embattled companies to pay him to go away, appears to be in the embarrassing position of having to pay more than $20m in "greenmail" to Mr Irwin Jacobs, a rival corporate predator.

Mr Pickens announced yesterday that his Mesa Limited Partnership had entered into agreement to buy Mr Jacobs' 14 per cent stake in Pioneer Corporation, a Texas energy group over which two of Wall Street's most famous corporate predators have been feuding for *some time.*

Mr Jacobs' Minstar Group is the biggest shareholder in Pioneer and had made a $23 a share bid for Pioneer. This was rebuffed and Mr Pickens, whose headquarters are just around the block from Pioneer in Amarillo, Texas, appeared on the scene in the unlikely role of a "white knight" whose $800m offer was gratefully accepted by Pioneer's board.

Mr Jacobs described the Pickens offer, which is in the form of 61 Preference-A units of the Mesa partnership, as highly speculative and announced last week that he planned to oppose the deal. Given his opposition it was most unlikely that Mr Pickens would have been able to win sufficient support from the rest of Pioneer's shareholders.

Mesa has now agreed to pay $20m to acquire an option to buy Mr Jacobs' 5m Pioneer shares at $21 a share. The option is worth $4 a share and expires on the earlier of September 30 or 30 days after the completion of the proposed transaction between Mesa and Pioneer. Pioneer shares fell $¼ to $20⅞ in early Wall Street trading yesterday.

Mr Jacobs' Minstar Group has agreed that it will not acquire any more Pioneer shares and will vote the shares presently held in favour of the proposed transaction between Mesa and Pioneer if a majority of the other voting Pioneer shareholders vote in favour of the transaction.

In addition, Mesa has granted certain members of the Minstar group a two year option to acquire from Mesa 15 per cent of Pioneer Nuclear, which owns mining assets.

Carbide's Bhopal offer rejected by India

By K. K. Sharma in New Delhi and William Hall in New York

THE INDIAN Government yesterday rejected as "inadequate" and "therefore totally unacceptable" the $350m settlement proposed by Union Carbide of the US for the victims of the Bhopal gas tragedy.

The compensation has been negotiated between the company and lawyers representing some of the plaintiffs, but New Delhi emphasised that there could not be any settlement "without agreement of the Government of India." An Act of the Indian Parliament has made the Government the sole representative of the gas victims.

"The Government's position in this regard is that it will only settle for an amount that will fully and fairly compensate all the victims. Needless to say, any settlement which is at variance with this will not be acceptable to the Government," said a statement issued by India's Department of Chemicals.

The department accused Union Carbide of "taking every possible step to ensure that the case is settled for a very low amount. The present move is part of this strategy."

The Indian Government is expected to seek to have the proposed settlement nullified in New York by US Federal Court Judge John Keenan, who is currently hearing arguments on whether US courts have jurisdiction to settle the victims' compensation claims. At least 2,000 people were killed and 700,000 injured by the leak of gas 16 months ago. Claims totalling about $100bn have been filed in the US on behalf of 103,000 Indian plaintiffs.

Union Carbide yesterday reiterated its belief that the proposed settlement was "very substantial" and said that it had agreed to go forward with the private plaintiffs' lawyers because "we believe that this litigation should be resolved as promptly as possible to permit benefits to flow to the victims."

The company noted that in the Government of India's US lawsuit, the US judge has specifically not ruled on who is the proper representative of the plaintiffs.

Judge Keenan has appointed a three-member executive committee to represent the victims, including the attorney representing the Indian Government. "India is therefore well positioned to join the settlement agreement," said Union Carbide yesterday.

The company also said yesterday that it continued to believe it had strong substantive defences in the

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Elders tries to block release of bid details

BY MARTIN DICKSON IN LONDON

ELDERS IXL, the Australian brewing-to-agriculture group, is taking legal action in an attempt to block a proposal by Britain's Monopolies and Mergers Commission to hand over detailed financial information on its bid for Allied Lyons to the UK food and drinks group.

Elders yesterday lodged an application for a judicial review of the proposal made by Sir Godfray Le Quesne, chairman of the Monopolies Commission, which is investigating the £1.8bn ($2.7bn) bid for Allied which Elders launched in October.

The takeover was referrred to the commission – and thus formally lapsed – because of UK government concern over the way it was financed. Elders, which is about a quarter the size of Allied, was relying on a consortium of international banks for £1.2bn of lending.

The Australian company said yesterday that Sir Godfray wanted to give Allied that section of its sub*mission to him dealing with its fu*ture financing plans and bid tactics. This included full details of how Elders intended to formulate and finance any renewed bid and set out the effects of such an offer at a specified price.

It also spelt out how Elders wouldrefinance the two-year loans put in place for the bid over 10 years, and how this would be linked to its plans to sell to Allied's publicans a 50 per cent stake in their businesses.

Elders said Sir Godfray had told it that disclosure was necessary on grounds of "natural justice" and for the Commission to fulfil its statutory duty.

However, the Australian company said that giving this information to Allied some three or more months before it would be in a position to launch a renewed bid would seriously prejudice its ability to mount such an offer.

Elders claimed that it was "entirely unprecedented in any major financial centre in the world that a prospective bidder should be required to disclose his plans to the target company many months in advance in order that the target company may comment on them." It also claimed that it was unprecedented for a central part of a Monopolies Commission submission to be disclosed by the commission to the other party.

However, an official of Britain's Department of Trade and Industry said last night that Elders could *have no knowledge of past actions* by the commission, since these were confidential. The official also pointed out that it was unprecedented for a bid to be referred to the commission on financial grounds and it was only reasonable that the defending company should know what it was fighting.

Elders had been given the opportunity to submit an expurgated version of its document but this had failed to meet the requirements of Sir Godfray.

Lex, Page 20

Bank of America drops gilts plan

BY DAVID LASCELLES IN LONDON

BANK OF AMERICA, suffering from the strains of recent losses, has decided to shelve its plans to become a primary dealer in the UK government securities market.

The US bank's withdrawal is the first since the Bank of England designated 29 banks and securities houses last year to act as the principal operators in the restyled government bond market which is to be launched with the "big bang" on October 28. The British central bank has been informed of the decision.

Mr Gerald Docherty, managing director of Bank of America International, the bank's London-based merchant bank, said yesterday: "We have decided to allocate our resources towards those markets where we have an established presence."

He stressed that Bank of America would continue to monitor the gilt-edged market and might renew its application to become a primary dealer after a year. The Bank of England has imposed a freeze on new entrants for 12 months after the big bang when the British securities markets are being deregulated.

The bank's decision, which will not involve any job losses, appears to have been influenced partly by the Federal Reserve Board, which has been concerned about the *bank's ability to shoulder large new* commitments after the severe problems it has had on the US market. Last year, it lost $337m.

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EUROPEAN NEWS

Czech leader blames economic planners

PRESIDENT Gustav Husak, Czechoslovakia's leader, criticised the country's economic planners and managers for "hindering our progress" in a keynote speech to the Communist Party Congress which opened yesterday in Prague, writes Leslie Colitt in Prague.

It was the first East European Party Congress to follow the sharp indictment of Soviet economic ills by Mr Mikhail Gorbachev at last month's party congress in Moscow.

However, unlike Mr Gorbachev, Mr Husak did not mention the need for "reform," while criticising erratic economic performance. The word is associated in Czechoslovakia with the political and economic programme of the ill-fated Reform Communist Movement in Prague in 1968.

Mr Husak praised the Soviet Congress for "stimulating and inspiring" the Czechoslovak party.

Mr Husak nonetheless reminded his party's delegates of the dangers of economic stagnation.

Athens statue bombing 'a warning'

By Andriana Ierodiaconou in Athens

THE BOMBING of a statue of former US President Harry Truman in central Athens on Saturday was intended as a symbolic warning to Mr George Shultz, US Secretary of State, who was due to arrive in Athens today for a three-day official visit, according to a Greek underground group which claimed responsibility for the bombing.

The attack which knocked the two-ton bronze statue off its pedestal and broke windows in nearby buildings, without causing any injuries, has added an edge of tension to extensive security preparations for Mr Shultz's visit.

The statue stood not far from the *Athens Hilton Hotel* where the Secretary of State and his entourage are expected to be based.

Co-operation against terrorism is expected to be an important item on the agenda of Mr Shultz's talks with the Greek Government.

Shultz talks in Ankara run into heavy weather

BY DAVID BARCHARD IN ANKARA

AS THE visit of the US Secretary of State, Mr George Shultz, moved into its final 24 hours, Turkey and the US appeared to be finding it difficult to resolve differences on a wide range of issues, including the terms of a new defence and economic co-operation agreement (Deca).

Informed sources in Ankara now say it is unlikely that there will be any agreement on the Deca before Mr Shultz flies out of Ankara today to Athens.

Mr Shultz's visit appears to have got off to a bad start in Istanbul when he brushed aside requests from Turkish industrialists to ease US quota restrictions for Turkish textile exports. His alleged remarks provoked angry headlines in yesterday's Turkish newspapers.

It appears that Turkey is continuing to insist that it should be given more favourable trade and economic relations with the US as part of the five-year Deca more than the US side feels able to give.

So far, after two meetings with the Turkish Foreign Minister, Mr Vahit Halefoglu, Mr Shultz appears to have made no progress whatsoever on other problem areas such as Cyprus and relations with Greece.

Members of the visiting American delegation had long faces and there was little of the exuberance which is usual on this sort of occasion.

It seems that Turkey—which is well aware of its strategic indispensability to the North Atlantic Treaty Organisation (Nato) has decided to hold out for the highest terms possible. Its likely aim is not to intimidate the Reagan Administration but to convince the US Congress in Washington—where Turkey has many staunch enemies in the Greek and Armenian lobbies—that Turkey believes that it is not being fairly treated by the US and feels entitled to a much larger amount of military and economic aid than the $934m granted last year in exchange for its contributions to the Western alliance.

Asbestos panic shuts schools in Denmark

By Hilary Barnes in Copenhagen

DENMARK HAS been swept by an asbestos panic which emerged suddenly about two weeks ago and is now causing chaos in the nation's schools.

Parents and teachers all over the country are demanding that in schools where asbestos has been used, usually as cladding for ceilings, the schools are to be closed and the asbestos removed forthwith.

The Copenhagen city council's "schools mayor" has ordered all schools where asbestos has been used in the construction to be closed while the asbestos is removed. Children are meanwhile being taught in churches and any other available buildings.

The panic has also affected public offices, where staff are also calling for immediate action to remove asbestos.

Local councillors all over the country are under pressure to act, regardless of the expense.

However, scientific experts say the health hazard from removing the asbestos, a process which is bound to release asbestos fibre into the atmosphere, is probably greater than if the asbestos is left in place.

Belgrade talks for Howe

By Aleksandar Lebl in Belgrade

THE CLIMAX of the visit by Sir *Geoffrey Howe, Britain's Foreign* Secretary, to Belgrade was his unannounced meeting yesterday with Mr Branko Mikulic Prime Minister-designate, who will take over from Mrs Milka Planinc on May 15.

Sir Geoffrey was keen to hear about Mr Mikulic's ideas on overcoming the Yugoslav economic crisis in general and in particular about the economic policy after the standby agreement with the International Monetary Fund expires on that day.

Sir Geoffrey is believed to have stressed that there were bound to be conditions set for the multi-year rescheduling.

Sir Geoffrey also met Mr Janez Zemljaric, acting Prime Minster while Mrs Planinc visits Austria.

Yugoslavia urged to act on Waldheim Nazi claim

THE NAZI-HUNTER, Mr Simon Wiesenthal, called on Yugoslavia yesterday to respond to charges that Mr Kurt Waldheim, the former UN chief, was listed as a suspected Nazi war criminal wanted by Yugoslavia for complicity in murder, Reuter reports from Vienna.

Speaking to journalists at the Vienna-based Jewish Documentation Centre which he heads, Mr Wiesenthal said the listing raised controversy around Mr Waldheim—now campaigning for the Austrian presidency—to a totally new level.

The World Jewish Congress (WJC) said in New York on Saturday it had found a 1948 US army document listing Mr Waldheim, 67, as being sought by Yugoslavia on suspicion of complicity in murder.

Mr Waldheim on Sunday rejected all allegations of a *Nazi past* and *accused the* WJC of waging a slander campaign against him.

"An accusation of murder is of a quite different order," Mr Wiesenthal told a news conference, referring to other charges in the past month that Mr Waldheim belonged to three minor *Nazi* groups.

"When it's a question of murder I want to know the truth. . . . The truth lies with the Yugoslav Government."

Mr Wiesenthal said he had sent a telegram to Mrs Milka Planinc, the Yugoslav Prime Minister, now on an official visit to Austria, asking her government to publish the reasons why Mr Waldheim was placed on a war crimes list.

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Guillaume calls for improved farm incomes

BY IVO DAWNAY IN BRUSSELS

MR FRANCOIS GUILLAUME, the new French farm minister, flew into Brussels yesterday with a firm declaration that his first objective in the EEC farm crisis would be to *improve the incomes of his farmers*.

But the emphasis in his various statements appear to alter substantially according to his audience. Reports on his departure from Paris claimed that the outspoken former farm union leader had committed France to fight for the full 4.7 per cent average rise in farm product prices sought by Europe's agricultural unions.

When he arrived for the farm ministers' meeting in Brussels, however, Mr Guillaume would only say that he was going to ask the European Commission to withdraw its package which calls for a price freeze and a 3 per cent tax on cereals farmers. "The present package could involve substantial cuts in farmers' incomes," he warned.

In an introductory statement at the outset of the talks, Mr Guillaume appeared more conciliatory still. Reaffirming his government's commitment to improve farm incomes, he went on to reserve his position on the price proposals "at this stage."

Nevertheless, on the key sector of cereals production, he warned that France was unable to accept any prospect of a quota system to control the surpluses and expressed his distaste—*though not outright rejection*—of the prospect of a producer tax.

He also specifically advocated the dismantlement of Monetary Compensatory Amounts, the border taxes which help to iron out the impact of currency fluctuations on intra-Community farm trade. This would be fiercely opposed by West Germany which is most protected by the system.

Later, Mr Guillaume joined Italy, Luxembourg and Ireland in challenging the budgetary discipline provisions which attempt to put a ceiling on farm spending.

At a Press conference held during the talks, Mr Guillaume went back on the offensive, calling for firmer action on farm imports from third countries including possible blanket bans on the buying in of maize and manioc for animal feed. He also attacked the continuing special quota of butter imports allowed from New Zealand.

But when pressed by journalists on his alleged demand for a 4.7 per cent price rise, he sidestepped the question.

Venture capital companies seek funding from EEC

BY OUR BRUSSELS STAFF

VENTURE CAPITAL companies are seeking European Community funding to promote more syndication of investment across national borders.

The European Venture Capital Association (Evca), to which all the major private sector companies active in the area belong, wants Ecus 10m (£6.4m) from the European Commission this year and then wants a similar sum to be written into the Community budget each year from 1987 onwards.

Commission officials are examining the request with a view to passing it on to the Community's Council of Ministers for decision.

These moves emerged from a conference of the venture capital companies in Brussels and follow a pilot scheme, primed by Ecus 3.3m of Commission money, started in March 1985.

The Commission acted as midwife to Evca, which was born in 1983. During the pilot period of operations, 13 ventures in areas such as biotechnology and custom designed microchip production were financed, in which the average Commission contribution was 9.5 per cent.

In each case two or more venture capital companies in different countries have invested in a company or project, often by taking an equity share. It is believed by both Evca and the Commission that more transnational investment would help to stimulate small and medium sized company efforts in the high technology area.

Commission to rule on chemical cartel fines

By Paul Cheeseright in Brussels

THE European Commission's competition authorities will shortly decide whether there is a hard enough case against leading chemical companies to fine them for operating a cartel in polypropylene products.

This would round off an investigation which started in October 1983 and led to the seizure of documents from companies such as ICI and Shell International Chemical.

The final decision will be made by the full 17-man Commission. Officials have told the European Council of Chemical Manufacturers' Federations that the decision will be made within weeks rather than months.

If the investigation leads the Commission authorities to the conclusion that the 15 manufacturers involved have been fixing prices, then, under the competition rules, the companies could be liable to fines of up to 10 per cent of the annual turnover of the product involved.

In industry circles it is believed that the investigation has been rounded off and that the only barrier to the imposition of fines is an argument within the Commission itself.

This argument is said to be between two schools of thought—the first believing that the companies should be hit hard, the second holding that a degree of tolerance is needed in the interests of helping industry meeting growing competition from new producers in the Middle East.

The allegations of price collusion spring from a time of acute over-capacity in the industry and weak prices in the face of a sluggish market. At the time the companies had been engaged in abortive talks with the Commission about a centralised scheme for closing down plants.

In late 1983, general overcapacity in the petrochemicals sector was 30 per cent. This has now been reduced to a nominal 15 per cent.

Partly as a result of this restructuring, polypropylene prices have latterly been more stable.

Polypropylene is a plastic used in products as varied as nappy liners and cable wraps.

The producers caught up in the Commission inquiries, apart from ICI and Shell, include Hoechst and BASF from West Germany, and Montedison from Italy, which had started a joint venture with Hercules of the US shortly before the investigation began.

Swiss GDP up 3.2%

Swiss gross domestic product (GDP) rose 3.2 per cent in real terms in 1985, compared with 2.1 per cent in 1984, provisional figures from the Federal Statistics Office showed, Reuter reports from Berne. In the fourth quarter of last year, GDP rose a real 4 per cent compared with 3.2 per cent in the third quarter and 2.8 per cent in the fourth 1984 quarter.

UK-Spanish treaty

SPAIN and Britain yesterday took the final legal step that will allow a new extradition treaty between the two countries to come into effect in July, Reuter writes from Madrid.

Car exhaust standards slow to be adopted

BY JOHN GRIFFITHS

ONE YEAR on from the first EEC "compromise" on car exhaust pollution levels, it is evident that it will create neither common exhaust standards nor a common timetable for their introduction among individual member countries, according to consultants DRI Europe.

"The varying industrial and environmental priorities of EEC member states are already hardening into different speeds of adaptation," says the 370-page report*, which was commissioned by Europe's principal vehicle manufacturers and energy supply companies.

Despite the first phase of the EEC Commission's draft directive being due to come into effect in 1987-88—for cars over two litres, "progress towards tighter exhaust emissions standards will be slow. The (EEC) market will not approach complete conformity to the standards proposed in the EEC draft directive until 1995," says the report. "Atmospheric pollution is related, moreover, to the number of new vehicles in circulation, not vehicles sold. It will be 1998 before the majority of petrol engined cars in use conform."

The problem inherent in the directive, points out DRI, is that it is "permissive"—individual member states are not required to apply the standards of timetable within their national boundaries.

One major problem is identified as the availability of unleaded petrol. This is essential for cars fitted with catalytic converters. Cars of *more than two litres will need* them to meet the 1987-88 standard. But the UK, for example, will have little unleaded petrol availability until 1990. So "the UK will disregard the emissions standards for large cars until considerably past the European deadline. France, Belgium, Italy and Spain are also potential laggards," says the report.

It suggests that all medium-sized cars, with engines of between 1.4 and 2 litres, will eventually be able to meet the standards without catalysts, using "lean burn" techniques. But precisely when this is achievable remains problematical. "There are still questions as to whether series production can economically be achieved to the tolerances required."

The report also warns that diesel cars, sales of which it projects will increase from 15 per cent of the new car total in 1984 to 22-24 per cent in the 1990s, could also face tougher emissions standards.

* *Automotive and Energy Industries: European Emissions Control and Auto Fuel Use, DRI Europe, 30 Old Queen St., St. James's Park, London SW1 9HP.*

IMF official warns Italy against oil price euphoria

BY JAMES BUXTON IN ROME

THE International Monetary Fund has warned the Italian Government against allowing itself to be affected by the current climate of national euphoria over the recent sharp fall in the price of oil and in the dollar against the lira.

Mr Alan Whittome, head of the IMF European division, who has just completed a visit to Italy, has as usual criticised the Government for not doing enough to reduce the public sector deficit.

In his letter to Mr Giovanni Goria, the Treasury Minister, he points out that the Italian Government last year committed itself to taking serious action to reduce the deficit as a proportion of gross domestic product. In the event, however, the proportion actually increased from 15 to 16 per cent.

The Government should now try to make a sharp reduction in current spending, Mr Whittome says. It should not be deluded by reductions in interest rates—last Friday the Government cut the official discount rate from 15 to 14 per cent—because this does not affect the real cause of the deficit, which is excessive public expenditure, not all of it deployed wisely.

Mr Whittome, who is British, warned Italy against dropping its guard because of the favourable trend of oil prices and the dollar. Italy ought to make proportionately larger savings on its energy import bill than other European countries because of its heavy dependence on imported energy.

The IMF mission leader says that Italy would suffer from the loss of export markets both in the dollar area and among Opec countries. Savings on imported energy will be offset in part by losses in exports.

There could also be excessive increases in the cost of labour if the Government does not keep it under tight control. Italy's competitiveness in export markets could suffer too because although inflation is now dropping—it stands at around 7 per cent—it is still far higher than that of rival industrial exporters which in some cases have zero inflation.

Opus Dei praised by Pope

POPE JOHN PAUL yesterday voiced strong praise for Opus Dei, the conservative organisation which some Catholics have accused of excessive secrecy and of trying to be a "church within a church," Reuter reports from Vatican City.

"I know well that . . . Opus Dei gives all its members and those who draw near to its apostolate a profound Christian formation," he said during a private audience for 4,000 young people associated with the organisation who are participating in an international students' meeting here.

The Pope's praise for Opus Dei followed recent criticism of the organisation in the Italian press.

Opus Dei, which promotes Catholic values in everyday secular adn professional life, has about 75,000 mostly non-clerical members worldwide, some of whom practise self-flagellation and live a life of chastity. The organisation has denied the accusations of secrecy against it.

W. German coalition split over Star Wars role

CHANCELLOR Helmut Kohl's coalition remained divided over West Germany's proposed Star Wars role yesterday as Mr Martin Bangemann, the Economics Minister, prepared to fly to Washington to conclude negotiation, Reuter reports from Bonn.

Mr Bangemann said yesterday he expected to sign an accord this week on the strategic defence initiative (SDI), but added that "a few important questions," including whether certain clauses should remain secret, had to be settled first.

Yesterday, Mr Kohl's chief spokesman, Mr Friedhelm Ost, said there were no difficult issues outstanding and added it was quite normal for parts of such a treaty to be confidential.

The Deputy Foreign Minister, Mr Juergen Moellemann, however, said secrecy was wrong "in any respect" and he indirectly criticised Mr Kohl for giving the US the impression all was agreed.

Mr Bangemann leads the Liberal Free Democrats (FDP), the smallest party in Mr Kohl's centre-right coalition but holders of the balance of power in parliament. Mr Mollemann is also of the FDP.

In spite of the endorsements by Mr Kohl and his conservatives for President Reagan's $26bn plan for a space-based anti-missile defence system, the FDP has remained critical of the project and cool to German participation.

Mr Kohl intervened personally last week to discuss the negotiations with Mr Casper Weinberger, the visiting US Defence Secretary. Both men later declared that basic agreement had been reached and a pact could be signed this week.

The announcement ruffled Mr Bangemann, who has led the negotiations with Washington since Bonn decided on December 18 last year to seek a role in Star Wars research for German industry, though without any commitment of state funds.

Bonn would be the second US ally after Britain to sign an SDI accord. But unlike the classified British pact, signed by defence ministers, the FDP wants Bonn to keep its distance from political-military aspects

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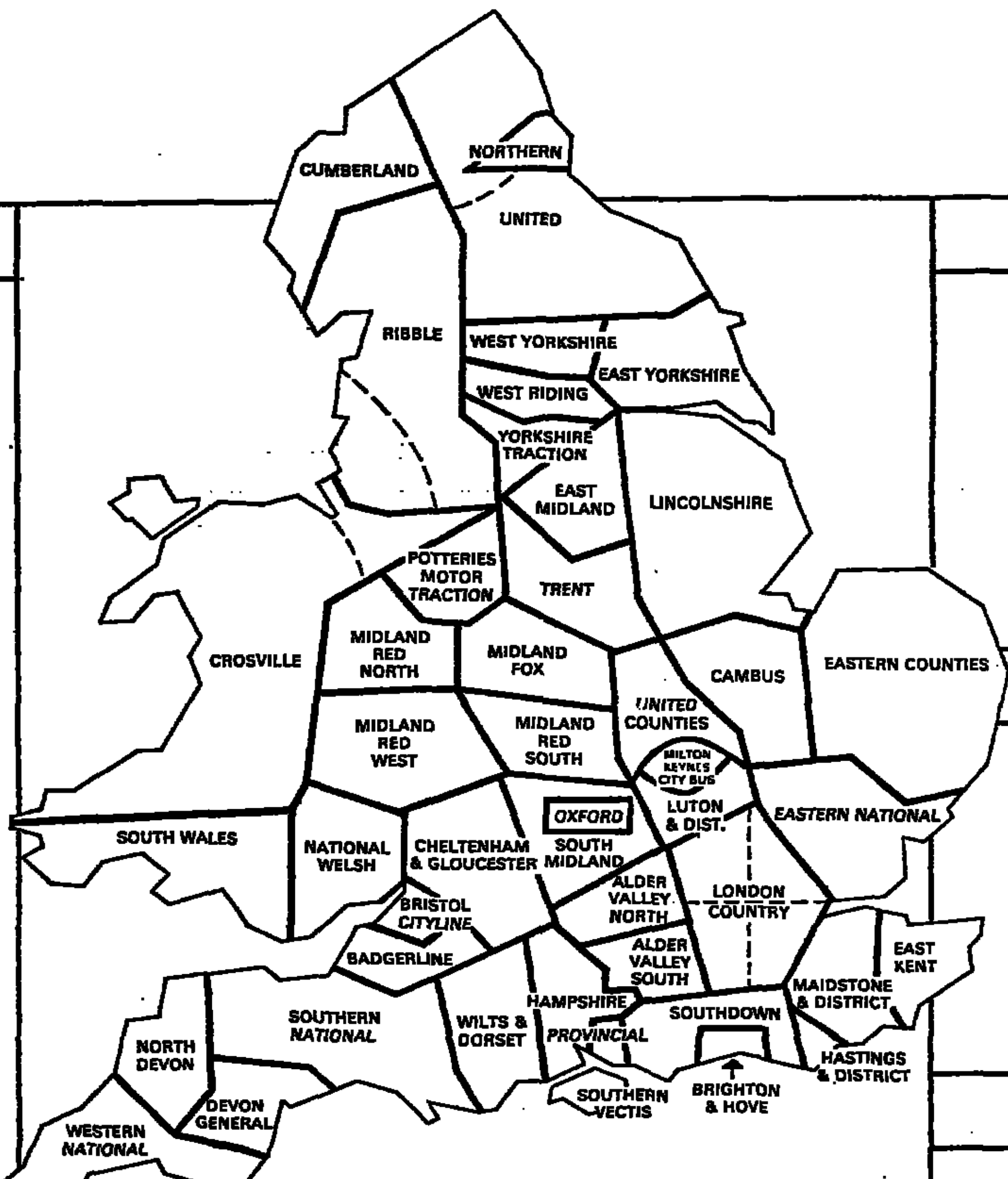

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OVERSEAS NEWS

Libyans 'fired missile at US jet'

THE US sent navy ships and aircraft into the Gulf of Sirte yesterday and American officials said they were checking news reports that Libya had fired at least one anti-aircraft missile at a US jet fighter, Reuter reports from Washington.

Earlier yesterday, Reagan Administration officials said US Navy jets had crossed Libyan leader Muammer Gadaffi's "line of death" on Sunday and challenged his claim over the Gulf of Sirte in the southern Mediterranean, without incident.

The Pentagon refused comment on the military movements, but defence officials said they were checking US broadcast reports that at least one missile – possibly a Soviet-built Sam-5 – had been fired yesterday at a US jet.

US radio reports from the area indicated yesterday that at least one anti-aircraft missile had been fired at US jets, which are conducting exercises from three aircraft carriers in a task force of nearly 30 ships north of Libya.

Mr Bob Sims, a Pentagon spokesman, said the Defence Department was checking the reports.

Administration officials said that ships and aircraft had yesterday been sent over the "line of death" drawn by Col Gadaffi just north of the Gulf of Sirte to emphasise America's right to operate in international waters.

Two US F-14 jets shot down two Libyan jets with air-to-air missiles over the gulf in 1981 after the Soviet-built Su-22 aircraft challenged the American aircraft.

The US accuses Col Gadaffi of supporting international terrorism. Tensions between Washington and Tripoli have increased since guerrilla attacks on the Rome and Vienna airports on December 27

A US Navy task force – including the aircraft carriers America, Coral Sea and Saratoga – is holding 10 days of manoeuvres in the southern Mediterranean. The exercise is scheduled to end on April 2.

It is the fifth exercise held by the US Navy in the area this year, but neither aircraft nor ships have crossed into the Gulf of Sirte this year, officials said.

While there have been no incidents, US carrier jets have intercepted Libyan Mirage and MiG-25 jets on several occasions during the manoeuvres.

Aquino set to adopt emergency powers today

BY SAMUEL SENOREN IN MANILA

PHILIPPINES PRESIDENT Corazon Aquino is expected to assume broad emergency powers today in an attempt to govern more effectively her divided nation until a constitution is written to replace the one that allowed deposed President Ferdinand Marcos to rule without interruption for 20 years.

The presidential palace said Mrs Aquino would sign the enabling document before members of her cabinet and service commanders of the armed forces which helped her topple Mr Marcos a month ago.

It was not clear what she plans to call her government because of a controversy involving the use of the word "revolutionary" which is shunned by conservative politicians and some members of the armed forces.

They have suggested that she call her government transitional or provisional until a new constitution is in place.

The new constitution, which is planned to be completed within three months, will replace one dictated by Mr Marcos in 1973 that extended his powers after the two four-year terms he had been voted since becoming president in 1965.

Hardliners in Mrs Aquino's cabinet want her to declare a revolutionary government so that she can do way with legal obstacles and hasten efforts to rebuild the shattered economy.

A purge of local government officials is already under way but most of them who were elected under Mr Marcos's New Society Movement insist on staying in office until new elections are called.

They plan to stage protest demonstrations and marches throughout the country starting next week to paralyse Mrs Aquino's Government.

If the plot is successful, Mrs Aquino could face a serious crisis that may call for the use of force.

A proposed draft of the constitution now under study by Mrs Aquino calls for the return to a purely presidential system and a bicameral legislature with general elections, except for president and vice president, set for November 1986.

Strike by nurses hits hospitals in Sri Lanka

BY MERVYN DE SILVA IN COLOMBO

A SIX-DAY nurses' strike, led by a Buddhist monk, has virtually paralysed Sri Lanka's main state-run hospitals. However, President Junius Jayewardene has refused to meet the monk, the Venerable Ananda Thera, who is secretary of the 7,000-strong nurses' union, because, he says, his conduct is "un-Buddhistic" and a violation of the *Tripitaka* (the holy rule book) which forbids monks from associating with women's organisations.

The nurses' union was proscribed on Saturday by the Government under emergency regulations. Mr Thera yesterday answered the ban by renaming the union and carrying on regardless from his headquarters, a suburban temple. He has called for support from other unions.

Mr Ronnie de Mel, Finance Minister, said yesterday that because defence spending had risen so much, no public-sector wage demands could be considered. The country's 21 unions have a membership of nearly ½m.

A successful strike by doctors for a monthly pay rise of Rs 1,000 was followed by a strike by dentists earlier this month.

● The National Christian Council has asked President Jayewardene to "ensure that every person arrested under the Prevention of Terrorism Act (PTA) or under emergency regulations be produced *before a* magistrate within 48 hours, with a report setting out the person's identity, his permanent address, the date, time and place of arrest, and the place of detention.

Bank of Japan 'not pessimistic on economy'

By Jurek Martin in Tokyo

THE Bank of Japan is "not that pessimistic at this moment" about the state of the domestic economy, in spite of the rapid and steep appreciation of the yen.

A senior official at the central bank yesterday argued that because the currency had risen faster than expected, its deflationary consequences were now being emphasised, particularly in the export-oriented sectors.

But, he went on, with an equanimity noteably absent from the recent public comments of most Japanese politicians, government officials and industrialists, the yen's rise will have a positive impact "among the silent majority."

While capital spending and inventory investment were being reduced because of lower exports, other main elements of domestic demand, such as housing and consumer spending, were holding up reasonably well.

Japan had yet to feel the benefits of lower oil prices, the official noted. Because oil takes so long to reach Japan, the average landed price, including freight and insurance, so far this year was way above spot market level.

The official conceded, however, that Japan could not sit still and do nothing, particularly in respect of its external imbalances. Exchange rate adjustment and monetary policy alone could not shoulder the full burden.

He maintained that economic growth must be strengthened (another policy package is due next month), that further market opening measures might be necessary ("if only to correct the perceptions about the relative open-ness of our markets"), that Japan must offer more foreign aid ("though this will not itself help the imbalances") that some export restraint, though undesirable, will have to be maintained and that direct capital investment overseas should be encouraged.

The official refused to comment on the Bank of Japan's "view" on the yen rate. But he felt that the US Federal Reserve was set against a further drop in the value of the dollar.

GM plant in Canada gets C$2bn investment

By Bernard Simon in Toronto

GENERAL MOTORS' Canadian subsidiary is to spend C$2bn (£1bn) to expand its car and truck plant at Oshawa, east of Toronto, into one of the company's largest assembly facilities in the world.

The centrepiece of the new investment will be facilities for such assembly of GM's planned new mid-size car model, known as the GM 10. The Oshawa plant is the third and largest site chosen by GM in North America for the GM 10 project.

Mr George Peapples, president of GM Canada, said yesterday that when commissioned in 1987 the Oshawa "GM Autoplex" as it is to be known, will produce 720,000 vehicles a year. The expansion will also include production of the GMT-400 truck.

The proposed facility consists of three adjacent assembly plants, a new stamping plant and a network of nearby suppliers. GM has spent C$4.2bn on the Oshawa plant in the past five years.

Mr Peapples said the new investment wil create "a fully integrated, totally synchronised manufacturing system, tying together our resources and those of our suppliers into one of the most modern automotive manufacturing complexes in the world."

Terry Dodsworth reports on the small-town labour dispute which has become a national crusade

Hormel strikers fight a two-headed dragon

BY seven o'clock in the evening, the Labour Hall in downtown Austin, a small mid-Western town of generously-sized clapboard houses, is a hive of activity. Two hundred or so men and women, sturdy, blue-collar workers padded uncompromisingly against a Minnesota winter, swarm into the main conference room. Children run around as though they were attending a church social. The mood is warm, friendly, down-to-earth.

It is hard to equate the unruffled good humour of the gathering with one of the bitterest strikes the US has seen in years—still harder to believe the virtually unanimous view of outsiders that the dispute, staged against the Hormel Meatpacking Company, is slipping inexorably towards defeat. Mr Jim Guyette, president of the local union, strides onto the platform to scattered applause. A vigorous 36-year-old, still alert after 14 hours of non-stop organising, he does not look like a loser.

He does not behave like a firebrand strike leader either. The meeting is more of a discussion than a rally, a tactical debate over picketing methods, legal manoeuverings and financial problems. It is only towards the end that Mr Guyette suddenly catches fire like a hell-fire preacher and reveals, for an instant, the intense emotional charge that is keeping the eight-month-old dispute alive.

"Does the company have the right to tear this community apart?" he demands. "We can raise the consciousness of workers throughout America. They know they are being treated wrong."

This is clearly not the language of defeat, but is it the language of a lost cause? A few hundred yards away, behind the eight foot wire fence hurriedly built during the strike around Hormel's ultra-modern factory, things are returning to normal. About 1,000 workers flood through the gates at the beginning of their shift, unhampered by the meagre picket lines that were neuterede a few weeks ago by the intervention of 800 national guardsmen.

Mr Daryl Arnold, the locally-born plant manager, says that about 400 former strikers are now back at work along with 600 new recruits. All have been hired at lower wages than were being paid a year ago and the company has introduced a two-tier remuneration system in which new recruits will earn less than the old hands. The other 1,000 or so strikers will only get their jobs back—if ever—as replacements for people who leave.

To add to the pressure on the strikers, the national leadership of the United Food and Commercial Union, which has been at loggerheads with Mr Guyette and his supporters since the beginning of the dispute, withdrew strike pay a few days ago, urging the workforce to negotiate a surrender. Within hours, Mr Guyette was at a rally in New York vowing that the fight would continue.

It is this stubborn defiance in the face of virtually overwhelming odds that has made the Hormel strike something special. Although the conflict has clearly split the local workforce, the hard-core opposition to the wage reductions ordered by Hormel have made the dispute into a national crusade,

> 'To counter the opposition of the national union leadership, the Hormel workers have turned to a new type of trade union activism, hiring a New York-based labour strategist. Under his guidance they have run a "corporate campaign" aimed at embarrassing Hormel's financial partners'

widely followed by radical trade unionists throughout the US.

The walk-out in Austin began in a conventional row over wages when the management announced plans to cut salaries from $10.69 (£7.22) to $8.25 an hour but as the strike has gone on, deeper resentments have surfaced alongside the battle over pay. At the root of this refusal to compromise is frustration over a decline in living standards that has been inexorably eating away at Austin for well over a decade.

The economic deterioration has been all the worse because, in its heyday, Austin was a model company town. For around half a century, the workforce had settled negotiations without a dispute and in the immediate post-war era the Hormel plant was written up by academics as an example of enlightened management practices, leading the way with a 52-week notice of lay-offs, group incentive systems and self-determination of work schedules. Austin, the home of canned spam, was acknowledged as the high-productivity, low-cost plant in the industry.

So far, so good. The Austin plant was a typical creation of the post-war US expansion, strong, productive and paying wages which were envied by its neighbours. But since the early 1970s, it has equally faithfully tracked the setbacks of traditional American industry as the economic conditions underpinning its prosperity have been chipped away.

Hit by the consumer's shift away from meat products and under pressure from intensifying competition from low-cost, non-unionised plants, the professional management which replaced the Hormel family has trimmed the labour force, nibbled away at incomes and automated. Virtually no one likes the changes. The new plant built in Austin three-and-a-half years ago, a huge, largely windowless, hanger-like structure, is widely hated by the workers, a symbol, as they see it, of a remote, mechanistic managerial style.

"Workers there deserve the money," says Mr Jim Morgan, who disagreed strongly with the strike and has left the union to become manager of the local Pizza Hut. "It's unbelievable. You walk into an area of the size of a football field and all you can see are hundreds of hogs and hundreds of people in white coats with knives flashing everywhere."

How could this system be challenged? Mr Guyette and the strikers turned to the union and were immediately met with another crucial problem for workers in America's declining basis industries—the enfeebled state of the established trade union movement.

Like the industries they represent, the unions are under pressure from deteriorating finances and withering membership lists but the Hormel strikers believe that they have been betrayed by a national leadership that has lost the will to fight berause it is more interested in preserving its privileges and comfortable life-style.

"We are up against a two-headed dragon," says Mr Guyette, describing the union policy of concentrating first on improving conditions for the low-paid workers in the industry. "The union agrees with the company that we should take cuts and become sick like the rest of the industry."

To counter the opposition of the national union leadership, the Hormel workers have turned to a new type of trade union activism, hiring a New York-based labour strategist, Mr Ray Rogers. Under his guidance they have run a "corporate campaign" aimed at embarrassing Hormel's financial partners and at bringing every possible ouce of pressure to bear on the company—the latest idea is a national boycott campaign of Hormel products.

To some degree, the Hormel dispute is a test case for this radical attempt to reshape American trade unionism with new ideas. For the time being, the jury is still out on the campaign. But in Austin, where the strikers have decided to sue the national union over their withdrawn strike pay, the struggle goes on.

"All the odds seem to be against us," says Mr Guyette, "but the most dangerous person in the world is someone who believes in what he is doing. We believe that we are in a right and just and moral fight. It typifies what is happening in the Labour movement in America and there are a lot of trade unionists who can equate with our situation."

Debt help needed fast warns Latin America

By Peter Montagnon in San Jose, Costa Rica

INCREASED commercial bank lending to Latin America on more favourable terms is an urgent priority if the US initiative on easing the debt crisis is to succeed, a senior Argentine official said here.

Since Mr James Baker, US Treasury Secretary, launched the initiative in Seoul last October there has been no tangible improvement in financial flows to the region, while recession has continued and key export prices have fallen further, Mr Mario Brodersohn, State Secretary of Finance, said.

"We don't have too much time to lose because of the behaviour of international prices," he said in an interview.

Argentina, which is to begin negotiations with bank creditors next month on a multi-year rescheduling package, had lost $3.1bn (£1.45bn) in export receipts since 1984 because of falling grain prices.

Their continued weakness in 1986 would lead to a significant deterioration in its current account balance of payments which was in deficit last year by $1.2bn, he said.

Mr Brodersohn said the impact on Argentina's economy had been comparable to that on Mexico of falling oil prices. The only difference was that grain prices had fallen more slowly over a longer period.

Unlike Mexico however, Argentina is making no explicit requests for interest rate relief. Mr Brodersohn said simply that it must negotitae more loans at lower interest margins from bank creditors.

Argentina has an InternationalMonetary Fund programme and is due to negotiate a new one in April. It had also taken tough economic measures last year, but social tensions were rising.

"Given the continued drop in export prices there has been no alleviation, no solution to the problem," he said.

Mr Brodersohn declined to specify Argentina's financing needs for this year, but he said he would be seeking a new formula for raising money from bank creditors.

The country's last $4.2bn credit took eight months to syndicate because of delay in winning subscriptions from smaller bank creditors. Argentia could not afford to wait so long this year and would be forced against its will to run up interest arrears if the syndication process could not be speeded up.

Reagan opts for 'quieter' Contra tone

By Reginald Dale, US Editor, in Washington

President Ronald Reagan appears to have changed his tactics in his continuing battle to win military aid for the anti-government Contra rebels in Nicaragua. After the shrill, and sometimes bitter, debate that preceded the rejection of his aid plan by the House of Representatives on Thursday, Mr Reagan now intends to adopt a "quieter" tone as he seeks to restore the funds in the Senate, his aides say.

White House officials and party leaders believe that Mr Reagan has a much better chance of winning support for his $100m (£69m) aid package in the Republican-led Senate, which is due to start debate on the proposal today and vote later in the week.

Mr Reagan's plan calls for $30m in non-lethal or "humanitarian" aid, such as food, clothing and medicine, to replace a similar $27m programme that expires at the end of this month and $70m in military aid. Under a last-minute compromise offered on the eve of the House vote, the agreed to withhold $75m in largely military aid for 90 days, to give negotiations with the Sandinista Governmnet a last chance.

One of the reasons why the offer failed in the House was that the compromise would not have been written into law, leaving some members suspicions that Mr Reagan might fail to put enough effort into the negotiations. Mr Reagan said at the week-end that he would be prepared to see the proposal written into law in the Senate,

The package would then go back to the House, where White House officials are confident that they can win some form of military aid in a second vote set for April 15. It was not clear yesterday, however, whether the House would be prepared to vote immediately on whatever is approved by the Senate, or whether members would insist on first looking at Democrat-proposed alternatives.

● The US has received initial reports of a large-scale Nicaraguan force crossing the border into Honduras, a senior Administration official said, AP reports from Washington. "Well over 1,000 Nicaraguan troops" were involved in the operation that was said to have begun Sunday, making it larger than the previous 100 incursions.

Trade surplus fails to cover debt payments

By Peter Montagnon

INTEREST payments on Latin America's $350bn (£240bn) foreign debt are now the major factor in the region's balance of payments problem, Mr Antonio Ortiz Mena, Inter-American Development Bank president, said here yesterday.

Debt service payments totalling $37bn last year more than offset the region's $34bn trade surplus, posing a stark dilemma for policymakers in individual countries, he told the bank's annual meeting.

Continued efforts by Latin America to service its foreign debt through fresh borrowing and trade surpluses generated by recession-led internal adjustment will worsen the debt problem over the longer term if they are not accompanied by the creation of new productive capacity.

"The unilateral implementation of internal belt tightening policies by Latin American countries has failed to produce the desired results," he said.

Cumulative loss in domestic investment since 1982 had been $160bn, imports have slumped by 40 per cent and the share of capital equipment in imports has fallen steadily.

"Far from involving a clash between stabilisation policies and development programmes, or the failure of the two to mesh, the challenge facing economic policymakers is centred on devising suitable combinations of short term measures that are compatible with the promotion of vigorous long-term economic growth, which is, at the same time, socially equitable," he said.

Argentine Government hits at national strike plan

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government yesterday raised the stakes in its ongoing battle with the country's trade unions by directly appealing to the population to boycott a ten-hour national strike called for today.

In the boldest official poster campaign since the mid-term elections last November, the ruling Radical Party claimed that the General Confederation of Labour (CGT) was no longer the legitimate representative of the workers. It also accused Labour leaders of deliberately trying to undermine the Government's success in bringing down inflation.

The propaganda offensive appeared to underline the Government's determination to stick to its current wage restrictions and its commitment to the International Monetary Fund so as to put a permanent brake on the high inflation rate experienced in recent years. Some government officials also believe that the unions are being used for political purposes by sectors bent on destabilising democracy.

The CGT is staging its fifth general strike since Mr Raul Alfonsin came to power in December, 1983. It is pressing for across-the-board wage increases of over 20 per cent and a moratorium on the country's $48bn (£33bn) debts.

IF YOU COULD TEST-DRIVE IT BLINDFOLD, WOULD YOU GUESS WHAT CAR IT WAS?

We wouldn't recommend this experiment for real, but it's an interesting hypothesis nevertheless.

Imagine it.

The salesman guides you into the driver's seat. It feels reassuringly firm, yet so comfortable it could have been made specially for you.

(In fact, it has an adjustable lumbar support and a 12-position height and rake adjustment.)

The door closes with an effortless clunk.

"IT'S A MERCEDES."

Good guess, but the wrong one.

Somehow, you can sense the spaciousness inside the car.

Your hands fall naturally onto the steering wheel, and your feet onto the pedals.

You switch on the ignition.

The engine fires instantaneously, dying to a barely audible purr.

"A DAIMLER, PERHAPS?"

Perhaps, yes. But actually, no.

As you pull away from the kerb (don't worry, the salesman gives you directions) you notice the lightness and precision of the power steering.

You accelerate briskly through the gears, enjoying the smooth power of the engine.

This car is no slouch.

"IT'S ONE OF THOSE BIG BMW'S."

No it isn't.

The salesman, feeling rather pleased with himself, helps you with a few clues.

He tells you about the car's welded box-steel construction, and the 9 coats of paint and primer that protect the bodywork.

He mentions the 13-outlet heating and ventilation system, the 17.2 cubic foot boot, the central locking.

You can feel the power-assisted brakes for yourself.

"A JAGUAR?"

Wrong again.

Against your better judgement, you start to lower your sights a bit. You did, after all, mention a price limit of £11,000.

But what car of that sort of price could give you this sort of ride?

Unable to contain your curiosity any longer, you pull into the kerb and pull off the blindfold.

"A VOLVO! I KNEW I COULDN'T AFFORD IT!"

Yes, it's a Volvo. The 740 GL, to be precise. And yes, you can afford it.

Amazingly, the car you thought could have been a Mercedes costs only £10,271.

You turn to the salesman sitting beside you.

In one hand, he has an order form for a brand new Volvo 740GL. In the other, a pen.

Despite his presumptuousness, you sign.

To: Volvo, Springfield House, Princess Street, Bristol BS3 4EF.
For a brochure, phone (0272) 217082 or post the coupon.
74/58-05-F-12.
Mr/Mrs/Miss__________
Address__________
Postcode__________

THE 1986 VOLVO 740. FROM £10,271.

THE 1986 VOLVO 740 RANGE STARTS AT £10,271. 2·3 LITRE ENGINE. CARBURETTOR AND INJECTED VERSIONS AVAILABLE. PRICES INCLUDE CAR TAX AND VAT (DELIVERY AND NUMBER PLATES EXTRA). CORRECT AT TIME OF GOING TO PRESS. CUSTOMER INFORMATION TEL: IPSWICH (0473) 715131.

Financing problems hit Spain-China $375m joint deals

BY DAVID WHITE IN MADRID

INDUSTRIAL CO-OPERATION projects between Spain and China involving an oil refinery and a cement works worth jointly about $375m (£267m) have fallen through because of financing difficulties, according to Spanish Government officials.

The cancellation of the projects is believed to reflect China's foreign exchange reserve problems.

The collapse of the two contracts represents a heavy blow for the hopes which Spanish contractors and manufacturers have placed on expanding trade with China.

The projects are a $350m oil refinery, which a Spanish consortium led by Tecnicas Reunidas and Centunion was to have helped build in the southern Chinese province of Fujian, and a $24m cement works in the northern Liaoning region, involving the leading Spanish cement company Asland.

They were among the few mature deals in hand when Mr Felipe Gonzalez, the Spanish Prime Minister, visited China last September.

Of the main industrial projects considered then to be virtually tied up, the only one to have survived is a $10m plant for processing citrus fruit—oranges and mandarins—in Zhejiang province.

This ventures involves the *Spanish* company Empresa Mercantil Exportadora (Emex).

The Spanish authorities offered a $120m *soft* loan facility from their aid and development fund to help *finance the projects*, with a 30-year repayment period, 10 years' grace and 2 per cent interest.

This loan was to cover 40 per cent of the export of goods and *services for the refinery project* and 30 per cent in the other two ventures.

The remainder was to have been covered by normal export credits.

Neither Tecnicas Reunidas nor Asland were prepared to comment on the development yesterday. Asland said it was awaiting the report of a director who had just returned from a *visit to China*.

Other co-operation projects mooted last year included manufacturing operations for shoes, telephone equipment and baby food and the modernisation of paper-making *facilities in China*.

India to sign Aerospatiale helicopter contract

BY JOHN ELLIOTT IN NEW DELHI

INDIA is to sign a contract later this week with Aerospatiale of France for 27 Dauphin helicopters costing about $50m (£35.7m) to be delivered to the country's new *Helicopter Corporation*.

This follows a contract signed with Westlands of the UK on March 15 for 21W-30 helicopters and closes a series of negotiations lasting more than two years for the aircraft which were originally to be ordered for India's offshore oilfields.

Under pressure from India, France has agreed to supply eight of the 27 Dauphins free and to provide softloans for half the cost of the remaining 19 at 2½ per cent over 28 years.

The Westland helicopters are entirely covered by grants from the British aid budget. Originally, the two companies were competing for the same order but last year India decided to accept both offers because of the extremely low outlay in foreign exchange involved.

Earlier this month, India also *ended* a long-running battle between Boeing and Airbus Industrie for an Indian Airlines order when it signed a contract for 19 Airbus A-320S costing £670m with an option for a further 12.

Airbus was persuaded to agree in principle that some components for the aircraft should be made in India and this is being explored by Indian officials with Airbus Industrie.

● Royal Nepal Airlines has ordered two Boeing 757 aircraft with an option for a third. The aircraft will be powered by Rolls-Royce RB 211/535 E4 engines costing £22m. Deliveries start in September 1987.

Japanese urged to scrap export targeting

BY JUREK MARTIN IN TOKYO

JAPANESE companies were yesterday urged to abandon export targeting. The call came from Dr Wisse Dekker, the outgoing president of Philips, the Dutch electronics group.

Dr Dekker argued in a speech here that "one of the lessons Japan can learn from the US and Europe is the concept of multi-nationalism. It is a lesson to be learned with some urgency, since I think it is connected to the issue of export targeting."

"Targeting," he went on, "is a Japanese strategy that must become obsolete. It is a short-term strategy that has been enormously successful to Japan, in that it has met its goal of achieving worldwide domination in a long list of industries.

"But success gained by that strategy will not be in Japan's best interests in the long term, since, as we are all painfully aware, the US and European governments will eventually be forced to deal with dying industries as a result of export targeting. Protectionism as a last-resort defence is always lurking in the background."

Dr Dekker defined multinationalism as "the full complement" of business activities — research and development, production, sales and service.

In the electronics field, Dr Dekker argued that "co-operative competition"—*in the shape* of joint ventures—was the only route to survival. "I do not believe, as resourceful and successful as the Japanese are, that they alone can carry the *high-technology industries*.

"If the course of talent from Europe and the US dry up because they have no industry to feed them, Japan alone will not be able to sustain the entire infrastructure of education, research and industry to bring the world the full benefits of *the information society. Is that* what the Japanese want? I think not."

He thought that under his stewardship, Philips had made significant strides in the co-*operative direction*, with ventures with Matsushita, Sony, Kyocera, and—announced only yesterday—with Nippon Steel and Nippon Chemi-con to produce ceramic components for circuit boards.

It was critical, he argued, for electronics companies to remain involved in consumer products. He felt that US industry had made "a big mistake" in letting consumer electronics go and was thus now more vulnerable than ever to vicissitudes in the professional digital market.

Agreement in setting world standards for products and systems was equally important, in that it made possible "orderly competition."

He was concerned that this might not come to pass in the field of high-definition television. "We are dangerously close to making a *choice* that would set up two incompatible systems; the Japanese MUSE system and the European MAC system.

"The chaos such a situation would create across *the spectrum* of video equipment incompatibility and programme transmission incompatibility would make our previous problems with standards for video cassette recorders seem trifling."

Dr Dekker has considerable experience of Japan (he worked in Tokyo from 1966-71). He said he detected a "change of attitude" among senior Japanese industrialists in the direction of multinational co-operation.

Dr Wisse Dekker . . . "lesson must be learned."

TALKS between Japan and the US on bilateral semiconductor trade remain unresolved, according to officials at Japan's Ministry for International Trade and Industry (Miti), Carla Rapoport reports.

The talks will move to Washington this week with attention expected to be focussed on ways to adjust the prices of Japanese semiconductors to the US.

It is understood that Japan is leaning heavily toward accepting a US proposal for a price monitoring system and co-ordinating with US officials on establishing the system.

Miti officials, however, had no comment yesterday on this saying that the two sides remain divided on a "number *of fundamental issues*."

US officials are investigating three separate allegations that Japanese semiconductor firms have been dumping their products in the US market.

Miti officials did say, however, that they expected an official announcement to be released at the talks on Friday,

Finland orders FM 2.2bn arms from Moscow

FINLAND has ordered weapons and ammunition worth FM 2.2bn (£268m) from the Soviet Union in the biggest deal by the country's defence forces. The deliveries will span the next five years, **Olli Virtanen reports.**

Most of the weapons will go to the ground forces. These include an unspecified number of T-72 tanks which will reinforce the existing T-72 divisions. Also included are various types of armoured personnel carriers and anti-tank missiles.

Previous purchases include Swedish Draken fighters and British Hawk trainer jets

Jakarta eases curbs

Indonesia, pressing for greater trade with East Europe, is to allow Soviet bloc investment without prior recommendation by the national intelligence agency, the official Antara News Agency, said yesterday, Reuter reports. A trade delegation is to go to six East European countries next month.

West accused over oil prices

BY OUR FOREIGN STAFF

THE SOVIET press has accused the West of conspiring to drive oil prices down. The concerted public attack also seems designed to show Moscow's support for Opec in the current oil crisis and to give Soviet citizens virtually their first warning of the crisis' impact on the energy-dependent Soviet economy.

Pravda, the communist party newspaper, claimed the oil price war had been manipulated by leading Western oil companies and their governments in "a form of neo-colonialist plunder of developing countries."

Izvestia, the government newspaper, cited approvingly what it said was a suggestion from Algeria, Libya and Iran to stop Opec oil production for two weeks in every month.

Some Soviet officials have recently been claiming that the reduced volume of Soviet oil exports (*down by some 15 per cent* in 1985) was partly designed to help Opec stabilise the market. To most observers, it was simply the result of ever-slacker Western demand and domestic Soviet production, which fell from 613m tonnes in 1984 to 595m tonnes last year.

The striking omission from the Pravda and Izvestia commentaries was any direct reference to the impact of plunging prices on the Soviet economy.

Soviet officials have given no public estimate of how much hard currency the Soviet Union is losing as a result of falling *oil prices, or how large a* proportion (60 per cent according to Western estimates) of Soviet hard currency export earnings oil accounts for.

Western officials and analysts are now scrambling to come up with their own estimates of the oil crisis impact on the Soviet economy, because of the knock-on effect on Soviet imports from the West, borrowing from the West, and alternative means of trade finance such as counter-trade.

Mr Malcolm Baldrige, US Commerce Secretary, last week estimated that, with every $1 drop in the world oil price draining the Soviet hard currency exchequer of $500m, Moscow had lost as much as $5bn since last November, when the oil price turned down more steeply.

According to Mr Jan Stankovsky, of the Vienna Wifo economics research institute, an average price of $20 a barrel this year (compared to $28 in 1985) would cost Moscow $4.5bn (£3.2bn) and an average $15 a barrel price would cost it $7bn.

Hard currency exports — admittedly less than half total Soviet exports — slumped to $32.6bn last year compared to $39.5bn, according to PlanEcon, a Washington-based research organisation, turning a $6bn trade surplus into a $300m deficit over the same period.

The impact of falling oil prices has been accentuated by the dollar's simultaneous fall against other Western currencies because Moscow sells oil for dollars but buys most of its imports (except grain) from Western Europe.

Soviet trade officials in Moscow remain tight-lipped about the consequences for Soviet imports this year, except to stress that Moscow will be keener than ever to substitute for Western imports where possible with Soviet or Comecon goods.

SAS seeks air fees accord for Scandinavia

By David Brown in Stockholm

SAS, the Scandinavian airline, is seeking agreement with the civil aviation authorities of Sweden, Norway and Denmark to equalise fees charged on domestic and international flights with Scandinavia, **David Brown writes.**

The proposal would seek to treat Scandinavia as a single market from the standpoint of landing, navigation and other fees, *starting as early as this* autumn. Among the reasons for the SAS move is growing competition from regional carriers.

The price of a normal ticket from Stockholm to Oslo, Norway, is now almost double that of the domestic flight between Stockholm and Göthenburg, although the flights are roughly the same distance. The difference in price is partly attributable to the sharply higher fees charged on international flights.

Civil aviation authorities welcomed the principle, although it has not been formally tabled, but *said it would involve* complicated negotiations.

G-wagen steps up Land Rover competition

Financial Times Reporter

CHANGES are to be made to the organisation which makes the light four-wheel-drive G-wagen so that it will compete more effectively against the UK's Land Rover company. The G-wagen is produced in Austria by Steyr-Daimler-Puch, and is sold in many markets as a Mercedes vehicle.

Dr Siegfried Sobotta, managing director of Daimler-Benz's G-wagen division, *said sales will* be split into two sectors—one to tackle the Land Rover in the "workhorse" part of the market, the other to challenge Range Rover in the luxury sector.

The G-wagen might even follow the Range Rover into the US (with a 2.8-litre petrol-engined version) depending on *how* well sales of the British vehicle go there after it is launched next year, Dr Sobotta added.

The G-wagen is already competing head-on with Land Rover for several important military contracts, including the Swiss Army deal for between 3,000 and 6,000 *four-wheel-drive* vehicles.

Dr Sobotta also said the G-wagen had a 50-50 chance of beating Land Rover for an Australian army contract which will involve the assembly of 2,600 vehicles in Australia.

The G-wagen was launched in 1979 from a £22m new factory at Graz, Austria, initially owned jointly by Steyr and Daimler-Benz, Western Europe's largest commercial vehicle producer.

After suffering substantial losses in the early years, the G-wagen division is now breaking-even, Dr Sobotta went on.

G-wagen output last year reached 8,666 vehicles of which about one-quarter went to military customers.

Among current contracts, Steyr is supplying kits to Peugeot. The French group incorporates its own engines and transmissions before selling the vehicles to the French army at the rate of 1,000-2,000 a year.

Only 432 G-wagens were sold in the UK last year, compared with combined Land Rover-Range Rover sales of 10,122, but the D-B-owned import company has no intention of lowering the price, which is the major barrier to increased registrations.

Move to lift strike curbs rejected by Kinnock

BY PHILIP BASSETT, LABOUR EDITOR

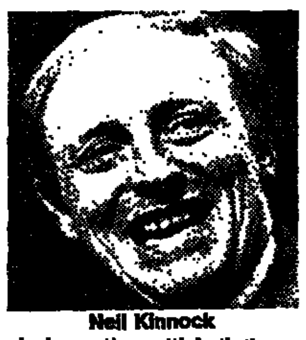
LABOUR PARTY and Trades Union Congress (TUC) leaders moved rapidly yesterday to distance themselves from a proposal prepared within the party for the removal of all legal restrictions on strike action.

Mr Neil Kinnock, Labour Party leader, and Mr Norman Willis, TUC general secretary, joined forces at a meeting of the TUC-Labour Party liaison committee to condemn the proposal, which suggested not only that the restrictions on striking imposed by the Conservative Government should be lifted, but that the laws on strikes under the last Labour Government were too tight and should be relaxed.

The shift of both the party and the TUC away from the idea indicates clearly a desire to try to minimise the electoral damage that both sides thought the suggestions for easier strike action might imply.

The suggestions are contained in a confidential policy paper drawn up by the party's staff, and unapproved by its leadership. It was meant to form part of the TUC-Labour Party discussions about legislation to replace the Conservatives' employment laws.

Disclosure of the proposals in recent issues of the Financial Times prompted heated discussion on future employment legislation at yesterday's meeting, with both the party and the TUC insisting that no firm decisions had been taken on the issue, and essentially shelving the internal party paper.



Neil Kinnock

Norman Willis

Mr Kinnock, told the committee that the document was highly unsatisfactory and that its key weakness was an absence of any proper consideration of ballots.

He said that in his view, ballots were central to the issue of employment legislation. "This is a vital starting point for all trade unionists, and if we overlook this, we will alienate our own suporters,"he said.

Mr Kinnock said no one could imagine the Labour Party being committed either in a manifesto or in legislation to the proposals contained in the document.

He said Labour clearly needed to offer legal protections, to working people, but there needed to be a proper balance between rights and responsibilities, which the document did not provide.

"No one round this table could possibly agree with this document," he said.

Mr Willis agreed. He said the document could not be taken as a guide for future work on employment legislation.

Mr Willis made the point, echoed by Mr Kinnock, that the right to strike was hardly central to consideration of employment legislation. Most employees never went on strike, and the party and the unions should continue to concentrate on issues such as enhanced rights for individual workers, and balloting.

Hurd regrets failure over extradition of terrorist suspect

BY IVOR OWEN

NINE new warrants were sent from London to Dublin yesterday to seek the extradition of Miss Evelyn Glenholmes for alleged IRA terrorist offences.

On Saturday, Miss Glenholmes was released by a Dublin court because of errors in extradition warrants.

Mr Douglas Hurd, the UK Home Secretary, told the House of Commons yesterday that the failure to secure the return of Miss Glenholmes was "deeply disappointing." He suggested that the technical difficulty that led to the failure of the extradition proceedings would not have resulted in her being set free by an English court.

His repeated expressions of regret for the failure to anticipate the court's objection did not satisfy critics on both sides of the House. There was strong criticism of the Director of Public Prosecutions.

Mr Gerald Kaufman, Labour's home affairs spokesman, asked if Mr Hurd was seeking to shield Sir Michael Havers, the Attorney-General, who is responsible to Parliament for the Director of Public Prosecutions, or the director himself.

"Or," he demanded to Labour cheers, "in accordance with this Government's style, is no one going to accept responsibility for this almighty mess?" He said there had been "slackness, incompetence and complacency."

Mr Hurd was careful not to criticise the Irish Government or any of the agencies under its control. But he made clear his feelings about the decision reached by the Dublin court when pressed by Mr Ivor Stanbrook (Conservative).

Mr Stanbrook, a lawyer, argued that, had a true spirit of reciprocity existed between London and Dublin, the extradition document would not necessarily have been ruled defective.

He said that had such a technical objection been lodged in England, the court would have been prepared to adjourn the case for consideration before making any announcement.

Mr Hurd invited the House to take note of the point Mr Stanbrook had made.

There were ironical cheers from the oppostion benches when the Home Secretary announced that, together with the Attorney-General, he was urgently considering the need for a review of the procedures and the handling of the documents needed in extradition cases.

Channon seeks to clarify BL position after collapse of deal

BY PETER RIDDELL, POLITICAL EDITOR

MR PAUL CHANNON, the Trade and Industry Secretary, will this afternoon attempt in a House of Commons statement to clarify the Government's future policy towards BL. This follows the collapse of talks with General Motors (GM) over the sale of BL's trucks and Land Rover subsidiaries.

The indications last night were that Mr Channon would be able to make only a holding statement since ministers are still taking stock.

There was little attempt at Westminster yesterday to disguise the Government's discomfiture over the sudden breakdown of negotiations last Friday, especially in view of the statement in support of the GM deal from the BL board.

Senior ministers, who had been surprised by the collapse of the talks, were yesterday briefed by Mr Channon at a 45-minute meeting of the special Cabinet committee on BL. The full Cabinet will hear a report this morning.

Officials yesterday refused to rule out a resumption of talks with GM. A number of Tory MPs closely involved believe there will have to be new negotiations with GM in view of the problems of BL's trucks operations and of GM's Bedford subsidiary.

The main mood yesterday was of confusion and embarrassment over the apparent turnaround by the Government. During the budget debate in the commons yesterday, Mr John Smith, Labour's Trade and industry spokesman, said the whole affair had been a fiasco and said that GM had spent £1m on a wild goose chase.

Senior ministers yesterday denied that it had been pressure from Tory backbenchers which had led to the collapse of the talks on Friday. The ministers argued that the Government had known about this opposition for some time and had been prepared to ride it out.

Instead, ministers argue that the problems had arisen because GM pushed the Department of Trade and Industry too far in seeking a deal over Land Rover which would give the US group future voting control, in face of the Government's desire to attain a major British role.

GM last night continued to insist that it walked away because the Department removed Land Rover from the proposed deal.

Agreement had almost been reached for GM to take an initial 49 per cent shareholding in the Land Rover company and get full control later, the group emphasised.

When GM was called to the further talks with Mr Channon late on Friday, some executives thought at first the deal would be completed and signed at the meeting.

Despite pressure from some Tory backbenchers it is unlikely that Mr Channon will give approval today to the management buyout consortium for Land Rover about which the Government still has reservations.

Kenneth Gooding writes: Mr David Andrews, the BL executive who has been given leave of absence to lead the Land Rover management buy-out consortium, said last night that the delays were hurting the business. He asked for a decision before Easter.

"I share the view that delay in coming to a decision is damaging to Land Rover. Customers, staff and dealers are all becoming increasingly concerned as to the future."

If Mr Channon announces further substantial delays the consortium will probably take its offer off the table until the Government makes its position clearer.

Mr Andrews said that, taking a cautious view of the future prospects of the business, the consortium's financial projections show that the business generates enough cash to fund all the planned development and capital expenditure – including that needed for the Sherpa van business.

Analysis, Page 12

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UK NEWS

Kenneth Gooding reports on the problem for General Motors after the collapse of the Land Rover-Leyland talks

Uphill struggle to find partner for Bedford Trucks

THERE seem to be no obvious solutions to the problems which General Motors (GM) of the US faces in its Bedford commercial vehicle division in Britain after the collapse of the talks for its takeover of state-owned BL's Land Rover-Leyland business.

Perhaps this is what the UK Government was relying on when it told GM that Land Rover was no longer for sale. There are still some benefits to be gained from a merger of Bedford and Leyland Trucks without the Land Rover company being included.

The attractions of such a deal would be even more apparent if some kind of joint venture between Bedford and Land Rover's Freight Rover division could be worked out for the development and production of medium and heavy vans.

GM's situation was expressed by a spokesman at the weekend, who said: "There is no doubt that unless we get into bed with someone – and Leyland does too – the UK truck industry will run into serious problems before long."

Bedford however, has run out of suitable partners. Mr Bob Price, the GM executive who has for more than a year toured the European truck makers in search of joint ventures and takeovers, has not had much luck so far.

The UK Government has effectively taken Leyland out of the reckoning. GM has talked with MAN, the second-largest West German heavy truck group which once appeared to be up for sale because of financial problems. When these turned out to be temporary, MAN showed GM the door.

Something was salvaged, however. GM in the US will buy MAN military vehicles know-how.

GM also had discussions lasting for about a year with Enasa, the state-owned and heavily loss-making Pegaso truck group of Spain. This time GM backed away. Mr Price has said there is little chance of his company returning to the Enasa discussions even if no deal could be completed with Leyland.

The list of other European truck producers leaves GM with little room for manoeuvre. The strong companies are certainly not looking for extra production capacity.

The West European industry probably has the capacity to produce 600,000 heavy trucks a year compared with demand running at about 400,000 – leaving considerable excess capacity.

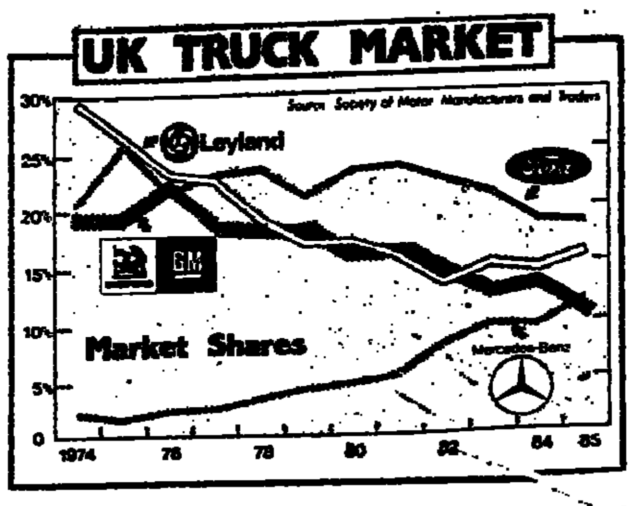
Daimler-Benz (D-B), the world's leading heavy truck producer, is already doing well in the UK with its West German-built trucks and would not seem to need the added protection of British production. So D-B is unlikely to want to buy Bedford.

The same goes for the two Scandinavian companies, Volvo and Scania. Volvo already has an assembly plant in Scotland. In any case Mr Sten Langenius, Volvo Trucks chairman, pointed out recently that if his company bought any competitor in Europe it would be to sell more Volvo trucks – not those with any other name.

Daf of the Netherlands is fiercely independent. It been busy setting up its own joint ventures – with Enasa for medium truck cabs and for the distribution on the European continent of Leyland light trucks and Sherpa heavy vans supplied by the BL subsidiaries. Daf also had a 'poor' experience with a previous American partner, International Harvester.

Two other groups, Fiat's Iveco subsidiary and Ford of Europe, are in the final stages of arranging their own merger.

That leaves only the heavy truck operations of state-owned Renault of France. The prospect of any GM-Renault tie-up seems remote. The French group still has a great deal to do to reduce its cost base by cutting production capacity and jobs.



If GM is in a hole over Bedford's truck operations it has only itself to blame. The UK company has been sadly neglected.

Three years ago, at GM's world headquarters in Detroit, a careful examination of its worldwide commercial vehicle operations was carried out to see if the group should stay in the heavy truck business. GM decided it should. The group believes the potential for growth, particularly in developing countries, remains better than that for cars.

GM at that stage had already reorganised its heavy commercial vehicle operations into a "world truck and bus" group with its headquarters at Pontiac, Michigan. Bedford, as the key truck subsidiary outside the US, was separated from the Vauxhall car business and became part of the group.

The truck and bus group is pushing through the ponderous process of developing "world trucks" – vehicles that can be assembled anywhere from common components produced in large quantities by Bedford and other GM subsidiaries in the US and Brazil, as well as by GM's Japanese associate, Isuzu.

The first of the world vehicles, a medium truck that will replace the Bedford TL in the UK, might be available in 1988, but by then Bedford's truck market share in the UK could have fallen to dangerous levels. Output last year of Bedford trucks over 6 tonnes gross weight was only 13,400 and Bedford's UK market share slumped from over 13 per cent to little more than 10.5 per cent in 1985.

Bedford recently completed a rationalisation programme which cut capacity at its Dunstable, Bedfordshire, truck lines by 40 per cent to about 30,000 a year. But that still leaves a great deal of excess capacity.

GM has considered replacing the Bedford TL range with trucks based on Isuzu designs. Bedford already produces light vans based on Isuzu and Suzuki and has invested £50m at the Luton factory in Bedfordshire to bring them into production.

The current range of Isuzu medium trucks, however, was not designed with Western European markets in mind and they are unsuitable for the region. The cabs are too small and daily servicing is much too awkward to carry out, according to one senior GM executive.

GM told Bedford employees yesterday that the Land Rover-Leyland deal offered the best chance for the group to establish a strong commercial vehicle base in Britain. Now the negotiations are in ruins it promises to search for alternatives.

The rest of the industry was asking the obvious question last night. "What alternatives?"

Balance of trade in motor products shows record deficit

BY OUR MOTOR INDUSTRY CORRESPONDENT

THE SERIOUS deterioration in the UK's balance of trade in motor industry products continued last year. The deficit rose by over 19 per cent from £2.3bn in 1984 to a record £2.76bn.

All sectors put up weaker performances than in 1984 and the UK Government, in view of recent events, will be worried that trade in commercial vehicles, which went into deficit for the first time only in 1983, is showing a very rapid deterioration.

Compared with 1984, the commercial-vehicle deficit increased by £56m or nearly 21 per cent to £327m.

There must also be concern about the only sector to remain in profit – that for parts and accessories and other motor products such as agricultural tractors, dumpers, trailers, caravans, industrial works trucks and freight containers.

According to an analysis of Customs and Excise statistics by the Society of Motor Manufacturers and Traders (SMMT), the favourable balance in the sector fell by 24 per cent or £173m to only £449m last year.

For several years past, more than half the cars sold in the UK have been imported, and that was bound to have an increasing impact on the number of spare parts and components imported for the replacement market.

Last year, Britain's car exports rose by 10 per cent in volume, from 210,172 to 240,247 cars – thanks mainly to efforts by BL's Austin Rover subsidiary to build up Continental sales.

Their value rose much faster, by 28 per cent, reflecting the fact that Austin Rover is exporting more up-market cars and the continuing success of the Jaguar luxury car group, in the US in particular.

UK MOTOR TRADE (£m)

	1984	1985
Export		
Cars	998	1274
Commercial vehicles	389	409
Parts/accessories/others	3067	3363
Imports		
Cars	3862	4154
Commercial vehicles	660	736
Parts/accessories	2445	2914
Trade balance		
Cars	(–2864)	(–2880)
Commercial vehicles	(– 271)	(– 327)
Parts/accessories	622	449
Total balance	(–2313)	(–2758)

Source: Society of Motor Manufacturers and Traders and Customs and Excise

Imports rose from 1.02m to 1.07m cars, and the SMMT points out that the 5 per cent gain was in proportion with the growth in the total new car market. Their value grew by 13 per cent.

Exports of commercial vehicles of more than 3 tonnes gross weight increased by 7 per cent in volume and 12 per cent in value in 1985, making it the best year since 1982 in money terms. It also reversed the recent downward trend in the number of heavy vehicles exported, according to the society.

Searching for a glimmer of hope amid the gloom, the SMMT says the lower value of the pound against other European currencies might make British exports more attractive in 1986.

Exporters 'hindered by high freight charges'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH exporters are put at a severe disadvantage against their continental European competitors by higher freight rates from the UK in liner (scheduled service) shipping, the Department of Transport said yesterday.

The rate gap stemmed from higher UK port charges – on average 60 per cent above northern European levels – and the more competitive liner market on the continent, said a report commissioned by the department.

The report was commissioned after shippers had complained to the Government that they were operating with higher freight rates in deep-sea markets than their rivals in the rest of Europe. The report looked at rate differences in some containerised trades and found large disparities on the North Atlantic and to South and East Africa.

Some big exporters and shipping lines said UK rates were about 10 per cent higher than continental rates across the Atlantic, with a 20 per cent gap for some products. To Africa, shippers reported differences of up to 15 per cent.

The department said one lesson from the study was that transport was taken more seriously by companies on the continent than in the UK. Exporters were readier to use freight forwarders to seek out the besi deal from ship owners.

Which company?

Last year they had exports worth £77 million to 51 countries worldwide. And in the last three years their exports added up to £208 million.

In 1980 they invested £62 million in a brand new production plant and an R & D facility that pioneered the use of computers in vehicle design.

They sell over one million pounds worth of trucks every working day.

Every Wednesday the Directors meet to discuss any faults found on a truck taken from the previous week's production, and set out to ensure those faults never happen again.

They spend £1 million every year just on making their products safer, quieter and less environmentally obtrusive.

They pioneered computerised, automatic, components and parts handling facilities.

They are about to launch two complete new product ranges specifically for export.

In the past six years they've launched no less than fourteen new models.

They are the only manufacturer to guarantee spare parts within 24 hours. If they arrive any later you get them for nothing.

All their products meet NATO's highest quality standards.

They have over 150 independent businesses in the UK to support their vehicles, devoted to sales, service and parts.

They develop a new specialist product every three months to a customer's own specification.

In the past three years they have increased UK sales volume by 53%.

Their trucks carry a total of 250 million tonnes of cargo every year for British industry.

They are currently investing £9 million in their axle factory in Glasgow.

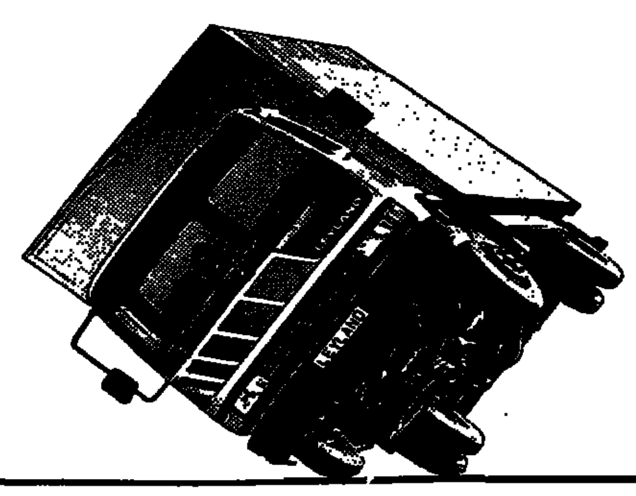
Their trucks were used to build Port Stanley airport in the Falklands.

170 of their trucks are working in Sudan and Ethiopia for the famine relief programme.

They make the best selling trucks in Britain.

They are called Leyland Trucks.

Clue:



UK NEWS

Shorts will take stake in Boeing prop-fan venture

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SHORT Brothers, the Belfast-based aerospace manufacturer, is to join Boeing of the US in the development of the new technology prop-fan aircraft, the 7J7.

A memorandum of understanding was signed in London yesterday by Sir Philip Foreman, chairman and chief executive of Shorts, and Mr Richard Albrecht, executive vice-president of Boeing Commercial Airplane Company.

The deal provides for Shorts eventually to take a risk-sharing stake in the 7J7 venture of up to 5 per cent, which would be worth about $100m through to the end of the century. In return, Shorts will receive work on building parts to at least the same value and probably much more, depending on how many aircraft are sold.

The prop-fan now being developed by aero-engine manufacturers worldwide, is expected to give savings in fuel consumption of up to 40 per cent compared with present-day jet engines.

Boeing is developing its 7J7, a 150-seat airliner, for service in 1992. McDonnell Douglas is developing its MD-91X for service about the same time. Engine companies involved in prop-fan work include General Electric, Pratt & Whitney and the Allison Division of General Motors in the US, and Rolls-Royce in the UK.

Boeing is building up an international development team for the 7J7. Recently, the Japan Aircraft Development Corporation, representing aerospace companies in Japan, signed an agreement to take a 25 per cent risk-sharing stake in the 7J7.

Boeing is expected to sign another 7J7 partnership pact today with Saab-Scania of Sweden (which is also working with McDonnell Douglas).

Mr Albrecht said yesterday that Boeing was talking with other companies in Western Europe, Australia and Canada. But it would retain not less than 51 per cent of the 7J7 venture (expected to cost up to $3bn for the airframe development alone).

Boeing has over 600 engineers working on the 7J7, and the figure will rise to over 1,000 by the end of this year. The company is discussing the venture with many airlines and expects to start signing orders in late 1987 or early 1988.

Sir Philip Foreman said that initially only a few of Shorts' engineers would be involved, but eventually up to 1,000 Shorts' workers might be employed on 7J7 work, some of them new employees.

The 7J7 work that Shorts would undertake had still to be settled, he said. The company would like it to be in areas where it had special expertise, such as composite material structures.

Shipyard lobbies MPs over naval order

By Andrew Fisher

SWAN HUNTER, the newly privatised shipyard on Tyneside, north-east England, which is hotly competing for a £240m order with state-owned Harland and Wolff of Belfast, yesterday said failure to win the business would cause heavy redundancies.

It has written to 40 MPs interested in the defence industry to explain why it thinks the rival tender by Harland for the two auxiliary oiler replenishment vessels (AORs), to be built for the Royal Navy, represents unfair competition.

Harland said yesterday that, under its consortium bid with the Yarrow yard (part of GEC) and Racal, most of the work would be done outside Northern Ireland. It said that its subsidies did not cover naval work and that it also faced job losses without the order.

The Ministry of Defence is expected to place the order soon, after indications last week that the Belfast yard was the favourite to build the two £120m ships. Yesterday, both sides said they were still awaiting the decision.

Mr Peter Vaughan, Swan Hunter's finance director, said the yard was the only bidder to have built a ship similar to the AOR. In the 1970s, it constructed the Kharg for Iran, though this vessel did not have the weaponry and defence systems an AOR would possess.

He said the Swan bid "met all requirements on price, design, delivery and technical performance." The AORs, of which the Royal Navy eventually wants six, will service the planned fleet of Type 23 frigates. Swan has been promised an order for a Type 23.

Swan is keen to win at least the first AOR order so that it can keep its large design team intact for future work. If Harland wins the second order, said Mr Alex Marsh, operations director, "we could survive through that."

Mr Vaughan added: "If we do not get the first of class in the AOR orders, that puts in immediate jeopardy 200 design jobs, a total of 1,000 by Christmas 1986, and a further 1,000 by Christmas 1987."

Harland said its bid was not unfair – Swan said it did not allow for possible cost overruns on such a new vessel – and that it had adhered to the principles of competitive tendering.

Government tightens rules governing cigarette advertising

BY LISA WOOD

A BAN on cigarette advertising in cinemas and six new health warnings, including those relating to the possible link between smoking and fatal diseases, are included in a new voluntary agreement between the tobacco industry and the Government.


Norman Fowler: Clearer message on dangers

Mr Norman Fowler, Social Services Secretary, in announcing the new agreement, said it was a considerable advance on the previous one. He also said discussions were still being held with the industry on sports sponsorship and the outcome would be announced separately.

The new agreement was met with derision yesterday by the British Medical Association (BMA), which has conducted a strong campaign to ban all cigarette advertising. "The new conditions are little more than an attempt to paper over the cracks in the previously highly unsatisfactory agreement. It is inevitable that the time will come in this country when all advertising (other than at the point of sale) will be made illegal," it said.

Under the terms of the new agreement, a committee is to be set up, under an independent chairman, to monitor annually the agreement, which spans from April 1 to October 31 1989. At present, complaints about breaches of the voluntary code are mainly handled through the Advertising Standards Authority. This month, the Health Education Council attacked the policing of the voluntary code.

Cigarettes now carry a health warning that says: "Cigarettes can seriously damage your health." Six new messages will replace that. They include: Smoking can cause heart disease; Smoking when pregnant can injure your baby and cause premature birth; and Smoking can cause lung cancer, bronchitis and other chest diseases. Individual cigarette distributors will rotate the warning. The warning will be ascribed to the Chief Medical Officer and not the Government.

In addition, a small amount of extra space will be given on packets for the health warning and tar rating of the cigarette. The industry is to spend £1m every year on a campaign with the retail trade against the illegal sale of cigarettes to children under the age of 16. Expenditure on poster advertising will be frozen at half that in the year ending March 31 1978.

The new rules will also prevent the poster advertising of cigarettes near schools, and there will be no cigarette advertising in women's magazines with a circulation of over 200,000 where one third of the readership is aged between 15 and 24. There will be a complete ban on advertising in cinemas from April 1.

Mr Fowler, disclosing the new agreement in a written answer in the House of Commons, said: "This agreement is a considerable advance on the previous one. Not only are the public in general provided with clearer messages about the specific dangers to health from smoking, but steps are being taken to protect particularly vulnerable groups in the population such as children and young people, especially young women in their early childbearing years."

The Tobacco Advisory Council said yesterday that it welcomed the Government's determination to stay with the voluntary system. The industry said the new agreement was tough, but it had agreed to it although it was a further erosion of its marketing abilities. It was too early to say what the effect of the new health warnings would be.

Highland Express may postpone launch

BY ALICE RAWSTHORN

HIGHLAND EXPRESS, which plans to operate a cheap no-frills airline from Scotland to the US, is considering postponing its launch date from June this year until spring next year because of a shortage of venture capital.

The airline first attempted to raise launch capital through the Business Expansion Scheme which offers investors tax advantages. When its issue failed to generate the minimum investment of £2.3m, Mr Randolph Fields, Highland Express's founder, turned to private sources of capital.

Mr Fields has since approached a series of private and corporate investors in Britain and the US. Highland Express has already secured £4m from sources such as the Scottish Development Agency and from Mr Fields's own investment, but unless an additional £1m can be raised before Easter the launch of the airline will be delayed.

"Negotiations are proceeding very satisfactorily," said Mr John Dobbs, Highland Express's operations manager. "But they haven't reached a final position. Mr Fields has informed us that unless negotiations are finalised by the end of this month then the launch will be postponed until spring next year."

Should the launch be postponed, Highland Express might try to generate capital through a second, less ambitious Business Expansion Scheme. Its first issue succeeded in raising £1.8m and the company is optimistic about the prospects for a follow-up now that the amendments to the scheme, introduced in last week's budget, are likely to make it much more attractive to investors.

Investors plan daily newspaper

By Raymond Snoddy

A GROUP of UK investors is planning to launch yet another newspaper – a seven-days-a-week tabloid scheduled to begin publication in June. It will follow Today, a full-colour national daily launched this month by Mr Eddy Shah.

An advertisement in the latest issue of UK Press Gazette invites applications for a whole range of journalists from deputy editor, to features editor and news reporters. The new paper is to be fully computerised.

Unusually, both its newsroom and production headquarters are to be based in Kent, south-east of London. Applicants were asked to address their inquiries to a company called AMC Consultants in Hove, East Sssex.

AMC said yesterday that details of the project and its financial backers were entirely confidential and it refused to elaborate on information given in the advertisement. The consultants said that full information on those behind the project would be disclosed by the end of this month.

The leading newspaper groups in the Kent and East Sussex area expressed surprise at the proposed venture. Local reporters despatched to the Hove address were told only that they could leave their address if they wanted a job.

It is not clear whether the proposed paper is to be a paid-for or free-distribution newspaper. Those behind the venture appear to have set themselves the tightest of deadlines, however. Interviews for staff are to be held in London during April and May, yet the launch date is said to be in June.

UK NEWS

Top analysts leave Grieveson Grant for Morgan Grenfell

BY JOHN EDWARDS

THE CITY of London jobs merry-go-round has taken another expensive spin.

Stockbrokers Grieveson Grant say that Mr Anthony Munns, their top banking analyst, his assistant Mr Peter Thorne and Mr Derek Elias, insurance analyst, are leaving to join Morgan Grenfell, the merchant bank.

Lord Donoughue, head of research at Grieveson Grant, said the two banking analysts had been offered "golden hello" payments of £150,000 each and annual salaries of around £100,000. It would have created considerable internal difficulties to try to match that kind of offer. They were three out of a total research team of more than 50 that had been built up over the past two years, he said. Mr Elias had been with Grieveson for only three months.

Lord Donoughue estimated that Morgan Grenfell would be spending more than £500,000 on its new recruits. Mr Tom Bennett, a banking analyst at de Zoete & Bevan also moving to Morgan Grenfell at the same time, is understood to have been offered similar terms, and Mr Elias slightly less.

In the House of Lords recently, Lord Donoughue said the internationalisation of the City of London meant that it had to pay international rewards. Grieveson Grant was prepared to pay the proper rate for good people.

The tax advantages, however, seemed to lie with the predators, although it was hard to see how they could operate profitably after paying out such large amounts.

Mr John Brew, Grieveson's chief executive, said: "We do not like it, but we can cope." He said the City was going through a turbulent time. Demand exceeded supply for certain staff as companies sought to protect themselves against the uncertainties before the "Big Bang" took place in October.

Negotiations to start over barristers' fees

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LORD HAILSHAM, the Lord Chancellor, has bowed to pressure from the High Court to negotiate with the Bar over its claim for a substantial increase in barristers' criminal legal aid fees.

Yesterday Mr Nicholas Phillips, QC, for Lord Hailsham, told Lord Lane, the Lord Chief Justice, that, "in the light of comments your lordship made on Friday," there had been discussions with the Bar with a view to the creation of a binding timetable to comply with the Bar's claim.

Mr Phillips said Lord Hailsham would like to agree a timetable but needed first to consult colleagues, because a timetable would include a date for a final decision "which may have implications for public expenditure."

Asking that the Bar's case be adjourned until tomorrow, Mr Phillips said that Lord Hailsham would begin the necessary consultations immediately.

Lord Lane granted the adjournment on the assumption that, if the case had to proceed, it would be concluded tomorrow.

In its judicial review application, the Bar is seeking a declaration that Lord Hailsham acted unlawfully in unilaterally imposing a 5 per cent increase on legal-aid fees from April 1. The Bar contends that he breached his duty under the 1974 Legal Aid Act to fix "fair and reasonable" remuneration and failed to fulfil the Bar's legitimate expectation that it would be consulted before a decision on fees was made.

The Bar claims, on the basis of an independent report prepared for it by management consultants Coopers & Lybrand, that increases of between 30 and 40 per cent in fees are justifiable.

Such an increase, the report found, would bring the incomes of the 2,000 to 3,000 barristers who depend mainly on legal-aid fees into line with those of barristers working in government departments.

The case had been adjourned early on Friday, when Lord Lane, who had said he could not see why there should not be a binding timetable for negotiations, suggested some "hard thinking" over the weekend.

Mr Phillips's reference yesterday to public-expenditure implications indicates Lord Hailsham's quandary.

Shamji loses claim for asset sale disclosures

BY OUR LAW COURTS CORRESPONDENT

MR ABDUL SHAMJI, head of the Gomba Group, has failed in his High Court move to force receivers appointed to his companies by Johnson Matthey Bankers (JMB) to disclose full details of their sales of Gomba assets.

Mr Justice Hoffmann said yesterday that the six Gomba companies concerned had not demonstrated any need to know more facts than they had been given by the receivers, two partners in City chartered accountants Price Waterhouse.

The judge said that, when the receivers were appointed, Gomba owed JMB about £22m. Sales by the receivers had reduced that indebtedness to about £11m.

Gomba's evidence was that Mr Shamji had entered into an agreement on undisclosed terms with an undisclosed third party which, it was said, would provide the funds to pay off the bank and redeem the remaining assets.

To complete those negotiations, Gomba wanted information about the current state of the receivership. It contended that it was legally entitled to more information than the receivers had so far provided.

Mr Justice Hoffmann said the circumstances of Mr Shamji's "secret arrangements with the anonymous purchaser" were "to say the least, unusual," and the receivers could hardly be blamed for being sceptical. It was not the first time Mr Shamji had assured JMB that repayment was imminent.

"The history of this case, both before and after the appointment of the receivers, is a chronicle of unfulfilled assurances by Mr Shamji that someone was just about to provide the money to pay his debts to the bank."

The receivers were under no obligation to provide any information until they had firmer evidence that there was a realistic prospect of the debts' being paid, the judge said.

He said the relationship between the receivers and Mr Shamji and his solicitors had not been easy. While not suggesting that the receivers could penalise Mr Shamji for being difficult, the judge thought it not unreasonable for them to be wary about the disclosure of even apparently innocuous information about their activities

THE ARTS

Galleries/William Packer

The splendour falls on Canadian Walls

Vatican Splendour: Masterpieces of Baroque Art is the first of two exhibitions — the second, *Songs of Experience*, of contemporary Canadian art, opens in early May. This spring and summer they mark an epoch in the history of the National Gallery of Canada in Ottawa. For, with its vast new building rising fast on the far bank of the canal, due to open in two years' time, the imminent move from the cramped and unsuitable office block in the centre of the city, which is its present home, may now be celebrated. These are the last major exhibitions in the old home.

Whatever else it is, the opening of this Vatican show was certainly attended with all the fuss and trumpetings of a Major Cultural Event. It is no blockbuster: a quality which is to its considerable advantage. Another, more ambitious Vatican show—a large and controversial exhibition — toured America three years ago.

Here now is a concise and cogent exhibition of some 50 rare, beautiful and magnificent things, neither so many as to dull the senses nor so few as to disappoint. There is real point to putting it together and showing it where it is.

It so happens that the National Gallery of Canada owns five baroque works that bear particular relation to certain works in the collections of the Vatican; or rather to the Papacy and the Curia of the time. These works are at the heart of the show, with other works where possible, and around them other items that in their several ways, the coin and silver, vestments and tapestry besides the sculpture and the painting, confirm and extend our understanding of the effective subject of exercise, which is the Papal patronage of the Arts in the 17th century.

The two central figures in the story are the sculptor Bernini and Urban VIII Barberini, a truly great Pope for all his blatant nepotism. It fell to him, in his long reign, from 1623 to 1644, to consecrate the new St Peter's and its initial embellishment.

Bernini was already well established in his reputation in Rome at the time of Barberini's election, and immediately he was put in charge of the papal foundry; a huge bronze canopy was commissioned from him for the high altar. Within a few years he was confirmed in the office of architect to the Sacred Fabric of St Peter, which effective dictatorship of the construction and decoration of the Basilica he was to hold, with only a brief interval, until his death in 1680.

And there they are, as it were together, in the two magnificent portrait busts that Bernini is known to have made of Urban in the early 1630s—the Ottawa marble on the one hand with the lapidary flaw that necessitated, so it is suggested, the immediate repetition, and the Vatican's bronze cast of the second version on the other.

They make a wonderful comparison. As images they are all but identical, but in their physical nature they could hardly be more different. The marble is the embodiment of the slower, calmer processes of the carver, presenting us with the image of a man thoughtful and self-possessed: the bronze is altogether more lively and direct for being cast from a clay working model, with all its bravura flirts and tricks with form and texture.

Indeed throughout the show it is the direct experience of the particular works themselves, in their physical presence, that affords the greater pleasure, even though the art-historical chapter and verse are as interesting and given so clearly.

This is as it should be with all works of great art, even of the loftiest sentiment or purpose. With the Baroque of course, we are engaged with work characterised by a new and exceptional physical excitement in its handling. We catch it in the work here of the young Rubens, in Rome in the 1600s, whose study after Caravaggio's *Entombment* is yet entirely free of its great model — which perforce remains in the Vatican. And we catch it too in Poussin's own *modello* for his huge and grisly *Martyrdom of St Erasmus* (1629), which edifies as it appalls. The smaller preparatory work is the more direct and open in its statement, the larger final version (which has travelled to Ottawa) the more fixed and finished in its theatricality.

Another French artist, the Caravaggesque Valentin de Boulogne, gives us another spectacular martyrdom, the double racking of SS. Processus and Martinianus (1629), which is the liveliest work of all.

No less dramatic and *chiaroscuro*, Guercino's Mary Magdalene mourning at Christ's tomb, attended by angels, is infinitely more tender and the most beautiful of the paintings (1622).

There are in fact only a dozen paintings in the show, but they are all so strong in imagery and presence, and some so big, that theirs is the dominant contribution. Biggest of all, and the actual centrepieces, is Domenichino's *Last Communion of St Jerome*, completed in 1614 for the high altar of the church of St Jerome and so coveted by Napoleon that he carried it off to Paris in 1797. It is an extraordinary and pivotal work, in many ways an orthodox devotional machine after the fashion of the masters of the previous century, yet manifestly modern in its realism; in the landscape through the arch beyond the figures bending over the dying saint, it oddly prefigures the mystical, ambiguous landscapes and romantic mood of Poussin.

The substance of the show falls well within the first half of the 17th century, including the Bernini terracottas and the splendid crucifix of his great rival, Algardi. But it is rounded off by the fine portrait of Clement IX Rospigliosi by *Carlo Maratta of 1669*, and an extraordinary sequence of tapestries from the Barberini factory of scenes from the life of Urban VIII, commissioned by his nephew Cardinal Francesco in the 1660s and 1670s to confound the accusations of nepotism and restore his good name.

Vatican Splendour remains at the National Gallery in Ottawa until May 11, moves on to Vancouver for Expo and the summer, to Toronto in the autumn, and finally to Montreal for Christmas and the New Year.

Bernini's bust of Urban VIII

Rubens's "The Entombment of Christ"

Borodin Quartet/Elizabeth Hall

Andrew Clements

For the last four weeks the Borodin Quartet's Shostakovich cycle has been received with consistent admiration on this page. On Sunday it came to end in the only possible way, with the final two quartets, the Fourteenth and Fifteenth. It has been a triumphant series, and the prolonged ovation that greeted the players at the end of this recital was of the kind reserved for very few musicians. There was none of the contrived acclamation that sometimes accompanies opera first nights or jet-set conductors, but honest thanksgiving for the quality of the music-making, mingled, I suspect, with an element of incredulity that such extraordinary playing could have been sustained for so long.

Triumph, however, can hardly be found in the two quartets the Borodin played. The Fourteenth is in many ways the more hermetic, its emotions kept tightly in check, the admission of serenity allowed at the end a strangely anaesthetised effect. In a work dedicated to the cellist of the *Beethoven Quartet, the cello* receives the lion's share of the thematic presentation. Here Valentin Berlinsky avoided any sense of rhetoric or sumptuous tone; he was lean-toned and consistently objective, while Mikhail Kopelman's account of the first-violin solo that is the essence of the slow movement was so perfectly restrained and poised that one almost longed for a passing flaw.

For the Fifteenth Quartet the house lights were dimmed and the music stands trimmed with lighted candles. Such aids to concentration seemed hardly necessary, for the playing had such intensity the mind was held, totally committed. The six linked Adagios that make up the quartet achieve their effect by the simplest means — by the sudden intrusion of a vibrato-inflected phrase into utterly impassive textures, as in the Nocturne; in the almost extrovert cadenza for the first violin that touches off the Intermezzo, the only semblance of public utterance in the entire work; or in the sudden flowering into four-part harmony for the funeral march, in a quartet in which almost every thematic statement had been monodic.

Each of these moments the Borodin achieved with devastating eloquence, though the best testament to their playing came in the final chord of the cycle, a steady diminuendo into silence, so perfectly controlled that one could not tell where music ended and nothingness began.

Songmakers Almanac

Paul Driver

The Songmakers' indeed offered a kind of almanac at the Wigmore Hall on Friday when a day-by-day spoken and music account of the composition of Hugo Wolf's *Italienisches Liederbuch* was presented.

Gabriel Woolf read extracts —always apposite if just occasionally wearisome — from Wolf's letters (specially translated by Eric Sams), and Graham Johnson accompanied soprano Felicity Lott and baritone Richard Jackson in performances of all 46 of the two volumes of songs. The order was of course chronological, though that is not the arrangement in which Wolf published them. The interval came satisfyingly after song 22 and the completion of Volume 1. Work on the 24 songs of Volume 2 heard in the second half was only begun by Wolf five years after his original burst of creativity.

The time-gap does not show; such was the composer's patient fortitude. His letters always emphasise the luck of inspiration, the need to be waiting, to endure boredom, and the dependence even on such variables as the amount of sunshine. But whatever the attendant birth-pains, these miraculous little songs did not prematurely cease to emerge, and sometimes they jumped on to the hitherto "virginal" manuscript in twos. The complete 46 makes a compelling evening-long recital, one which never drags, bewilders (though the variety of mood and style is extremely rich), or insists.

Wolf, writing about the songs to his mother, suggested that the "hearts" of these his youngest children "beat in German, though their sun may shine in Italian." The two singers had taken note of this gloss and were successful in achieving a lively and careful articulation of the German words (translated by Paul Heyse from the anonymous Italian) and combining it with an airy response to the mostly unsolemn situation. Characterisation was vivid and spontaneous—it avoided the coy.

Felicity Lott often soared in splendour and the dramatic blaze of her "Verschling der Abgrund" or the delicate deadpan lyricism of "Mein Liebster ist so klein" were memorable. She was able to find much more varied vocal colour than Richard Jackson, though his passionate commitment was strongly felt. Graham Johnson's piano playing was devoted and illuminating — he invariably crystallised the oddity, harmonic daring and strange bravado of the songs.

Opera in Paris/Andrew Clark

Médée/Paris Opéra

This is the third of the Paris Opéra's seasons devoted to exploring the repertoire that made it the operatic Mecca of the 19th century. Cherubini's *Médée*, written for Paris in 1797, is the latest instalment.

The author of this grand programmatic idea, Massimo Bogianckino, has now left the Palais Garnier, and his recently appointed successor, Jean-Louis Martinoty, has indicated he has other ideas for the future. Bogianckino's plan had the best intentions, offering large scale productions of exotic repertoire. But it has often fallen short of success because of the political situation within the Opéra itself, or because of the indulgent approach of some of the chosen stage directors.

This framework of good intentions and patchy results sums up the production of *Médée*. It was staged by the Italian film director Liliana Cavani, with handsome costumes by Franca Squarciapino and a striking single set by Ezio Frigerio. The action took place on a broad flight of steps cradled by a tilted neo-classical cupola, leading the eye—as if through the ceiling of a monumental observatory — to a dizzy telescopic vision of the turbulent heavens.

Cavani had clearly done her homework into the opera's background, but she ended up trying to pack into her staging far more than the opera could hold. She interpreted the work not as a classical tragedy, but as a melting pot for the current ideas of the era that gave it birth: the demise of the age of reason represented by the court of Créon at Corinth, swept aside by the revolutionary don of Romanticism as embodied by Médée. As a point of discussion, these are interesting ideas, but they should have been left on the drawing board. The staging ended up being littered with extraneous touches which disrupted the flow of the music and acted as a kitschy commentary on the plot.

The music was subjected to an equally flawed approach. Here was the perfect opportunity to dispense with the Lachner recitatives, and to go back to the opera that Cherubini actually wrote, with its finely graded balance between spoken dialogue, string accompanied recitatif, and set numbers with full orchestra. But the version used was the same as for the last Paris revival in 1962 and for practically all the French and Italian language performances of the past 100 years. This disappointment was compounded by the conducting of Pinchas Steinberg, who mowed his way through the score with unrelenting loudness, and coarseness.

The cast was quite good. Jean-Philippe Lafont, in the bass role Créon, and Nadine Denize as Néris both have rich, carrying voices which they used well. Werner Hollweg was not the most natural casting for Jason; but his experience and honesty shone through and his voice is still in good condition.

Shirley Verrett's performance in the title role lacked nothing in conviction—we know how exciting Miss Verrett can be when she exercises her magnetism and histrionic skills as an actress. But this was not enough. The voice swung violently between a forced tone in the top register and an almost masculine chest register. She was severely handicapped by the conducting and by the producer's decision to depict Médée as a kind of half-demonic gypsy magician. With her unscripted entourage of shifty followers, she was never free to give the role the intense personal focus it requires.

La traviata/Palais Garnier

It was originally intended that Franco Zeffirelli's production of *La traviata* should visit London on its way from Florence to New York. Perhaps it was the cost of such a lavish staging that eventually made Covent Garden change its mind. The investment does, however, appear to have paid off for Paris: the production has been playing to huge, adoring crowds at the Palais Garnier, where its visual atmosphere of Second Empire finds such a ready echo in the theatre itself and in the world of *La Dame Aux Camélias*.

Zeffirelli's film has clearly helped to open up an audience for live opera that might not otherwise have been attempted, and for sheer sparkle and popular appeal, the "opera of the film" has much to commend it. There are none of the textual amputations that marred Zeffirelli's screen version, and within the confines of a stage he has been unable to indulge himself so much.

He keeps the flashback sequence in the Act 1 prelude, making Violetta look rather odd when she slips out of bed wearing full party dress, and there are other occasions when his attempt to follow the pattern of the film does not work: the constant whirling of furniture on the stage turntable, for example, becomes tiresome, with no less than four changes of setting in the second scene of Act 2.

But the production will look good in any decent size theatre; its lack of interpretative depth will help it survive innumerable changes of cast; and the right singers will put its largesse into a proper perspective. In short, it presents the more acceptable face of circus opera.

The Paris cast have been a mixed bag. Manfred Fink, the Alfredo on the evening I attended, looked and sounded like a bad Mateo from *Arabella*. There were some embarrassing attempts to affect an Italianate style, and the singer spent much of the performance staring at the conductor. Giorgio Zancanaro, as Germont Pere, turned in the kind of solid performance we have come to expect of him.

For inspiration, the performance relied on the Violetta of *Etelka Csavlek*, a new name to me. She has a natural command of the stage, and the voice, which took some time to warm up, makes up in attractive individual character for what it lacks in crystallised purity. *It carries* well, with none of the harshness or vibrato that one might expect of an East European singer; she handles the coloratura demands of Act 1 with remarkable ease and grace, while her sense of timing, her tenderness and humanity, made for a very strong Act 3.

Italian opera is also the dominant force at the Théâtre Musical de Paris-Châtelet, which is running a Rossini season. The concert performance I heard of Maometto Secondo was a useful sequel to the staged production at the Opéra earlier this season of Le siège de Corinthe, Rossini's adaption of *Maometto* for Paris.

This performance, presided over by Claudio Scimone with alert geniality, scholarliness and practical musical sense, was a reminder of Rossini's incomparably bold bass voice writing, of his undervalued ability to interject an occasional sense of deep human feeling amid the florid writing, and of how dramatically, and no less effectively, he was later to adapt his style for Paris. A cast of fearless bel canto singers, led by Celilia Gasdia and the Sicilian bass Simone Alaimo, gave the evening an invigorating quality of distinction.

Caballé/Covent Garden

Richard Fairman

For most singers a recital is a chance to let words, as much as music, take centre stage. So it came as something of a novelty to find a programme in which the major item is a series of songs *without* words, as it was in Montserrat Caballé's recital at Covent Garden on Sunday.

This unusual piece comes from Caballé's native Spain. Entitled simply *Vocalises*, it is a cycle by Joaquin Turina, which links six brief contrasting sections for solo voice and piano. An impressionistic mood and a penchant for chords with an added sixth give the piece a Debussy-like feel (Turina studied in Paris with d'Indy), backed up by a relaxed somewhat wayward sense of direction. Pianist Miguel Zanetti could well have given the work more drive.

For Caballé it was a clever choice. An expert in Bellini, she has always been able to rely on her unique gift in spinning a magical thread of a line, whatever other difficulties she may encounter. Here that art was indulged to the full: every phrase moulded, its weight and *colours chosen with care, the* whole thing delivered with the generous span of breath that she still has at her disposal. The limitations of the voice in its current state were astutely circumvented.

It is no coincidence that the best item in the rest of the programme was "L'ora fatal s'appressa" from Rossini's *L'assedio di Corinto*, a piece in much the same expansive, lyrical vein. Otherwise much of the singing in this early Italian opera group was too vague and generalised, even wanting vocal control: just when one expected a simplicity of expression, as in the Pacini or Mercadante arias, an unwanted thread in the tone or lurch in dynamics would upset concentration.

A Spanish section, however, went well. Four Catalan songs by Jaume Pahissa (1880-1969) introduced yet another interesting composed of the Spanish song repertoire, showing in "El Record" that he knew how to float a memorable and dreamy melody. By the sixth encore Caballé was well away, chattering to the audience about lost music and mixed-up luggage. late in the day, perhaps, but the *diva's inimitable personality* had taken over at last.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Mar 21-Mar 27

Opera and Ballet

LONDON

Royal Opera, Covent Garden: A new Der Fliegende Holländer, directed by Mike Ashman and with a cast led by Simon Estes, is paired this week with a revival of an aged Arabella, in which the singing of Lucia Popp and conducting of Bernard Haitink promise most satisfaction (240 1066).

English National Opera, Coliseum: Joachim Herz's Parsifal, conducted by Reginald Goodall, continues its run, while Madam Butterfly in its charmless restaging comes to an end with Michael Lloyd taking over in the pit. There is also the return of the ever marketable Merry Widow, in a restaging by Ian Judge and a line-up including Valerie Masterson and Eric Shilling (836 3161).

Royal Opera House, Covent Garden: The Royal Ballet rings the changes on a dull set of ballets and features Giselle.

PARIS

L'Ecume des Jours: A world premiere, music and text by Edison Denisov, inspired by a Boris Vian novel. The orchestra, which includes two saxophones, electric guitar, jazz piano and drums is conducted by John Burdekin. Opéra Comique (4296 1220).

Il Signor Bruschino: Rossini's one-hour opera conducted by Jerome Kaltenbach, at 6.30pm at the TMP-Châtelet (4233 4444).

L'Ormindo, 3-act opera by Francesco Cavalli. Baroque Music Ensemble, Théâtre des Champs Elysées (4723 4777).

VIENNA

Staatsoper: As part of the Vienna 1986 Dance Festival the Bolshoi Ballet is performing The Golden Age; Raymonda (3rd act), Spartacus (2nd act) and extracts from Coppelia, La Fille Mal Gardée, The Nutcracker, La Bayadere and Don Quixote; The Sleeping Beauty. (53 24/26 55).

Volksoper: Weinberger's Schwanda Der Dudelsackpfeifer; Der Opernball; My Fair Lady (53 24/26 57).

WEST GERMANY

Berlin, Deutsche Oper: Premiering this week is Katja Kabanowa, produced by Günter Krämer, with Karan Armstrong in the title role. Otello brings together Pilar Lorengar and Spas Wenkoff. Salome has Lisbeth Balslev in the title role. (3 43 81).

Hamburg, Staatsoper: La Clemenza di Tito has fine interpretations by Barbara Bonney, Doris Soffel, Yoko Kawahara and Anthony Rolfe Johnson. Faust, with a new cast, features Gabriela Benackova, and Alberto Cupido. Il Trovatore has Julia Varady and Juan Pons as leads (35 11 51).

Frankfurt, Opera: This week's highlight is La Bohème starring Yoko Watanabe as Mimi and Giacomo Aragall as Rudolfo. Conductor is Giuseppe Patané. Also in the repertory: Orpheus in der Unterwelt and Eugen Onegin (2 56 21).

Cologne, Opera: The Turn Of The Screw, sung in English, is conducted by Sir John Pritchard. Cosi fan tutte is a Jean Pierre-Ponnelle production. The cast is led by Csilla Zentai, Andrea Andonian and Carlos Feller. Further offered Lucia di Lammermoor and Madame Butterfly (2 07 61).

ITALY

Rome: Teatro dell'Opera: Concert performance of Gluck's Iphigenie en Tauride, never before given at the Rome Opera. Wolfgang Scheidt conducts, and Iphigenie is sung by Elizabeth Connell. (46 17 55).

Parma: Teatro Regio: Lucia di Lammermoor conducted by Angelo Campori, Alfredo Kraus sings the role of Edgardo splendidly. Cast also includes Luciana Serra (Lucia), Giorgio Zancanaro and Boris Martinovich. Pier Luigi Samaritani directs and designed the scenery and costumes. (79 56 78).

Genoa: Teatro Margherita: First Italian performance of Britten's Prodigal Son, with libretto by William Plomer, translated by Luca Fontana. Also Renard, a burlesque based on Russian folk-tales by Stravinsky. Both works are conducted by Jan Lathan Koenig. (589 329).

NETHERLANDS

Amsterdam, Stadsschouwburg. Netherlands Opera production of Arabella by Richard Strauss directed by Lotfi Mansouri, with Ashley Putnam in the title role, and John Bröcheler as Mandryka. The Rotterdam Philharmonic conducted by Edo de Waart, dancers from the National Ballet (Mon, Wed). (24 23 11).

The National Ballet with Frederick Ashton's The Dream (Mendelssohn), the world premiere of a new ballet by Toer van Schayk, and Sonia Gaskell's Rhytme en klank. Mon in Groningen, Schouwburg (13 10 44), Tue and Thur in Amsterdam, Stadsschouwburg (24 23 11).

SPAIN

Madrid, Mussorgsky's Boris Godunov features Ruggero Raimondi and Stefana Toczyska, Vladimir Atlantov, Martha Szirmay. Production by the Grand Opera of Houston, Teatro de la Zarzuela, Jovellanos 4. (429 82 16).

Ballet Nacional de España, Spanish Ballet co-presents third repertoire. Teatro Monumental, Atocha 65. (239 40 14).

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of Aida conducted by James Levine with Anna Tomowa-Sintow and Luciano Pavarotti. Sir Peter Hall's production of Carmen is also conducted by James Levine with Maria Ewing in the title role, Catherine Malfitano as Micaela and Placido Domingo as Don Jose. Myung-Whun Chung conducts Simon Boccanegra with Kiri Te Kanawa as Amelia and Sherrill Milnes in the title role and James Levine conducts Der Rosenkavalier with Tatiana Troyanos. Lincoln Center (362 6000).

New York City Opera (NY State Theater): The company's first musical comedy season kicks off with five weeks of Lerner and Loewe's Brigadoon, conducted by Paul Gemignani in Gerald Freedman's production. Ends Mar 30. Lincoln Center (870 5570).

WASHINGTON

Chinese Ballet (Opera House): National tour of the international company. Ends March 30. (254 3770).

Art History/Antony Thorncroft

Angled to the bizarre

From this month the UK has a new art magazine. FMR is the fantasy of a wealthy Italian, *Franco Maria Ricci*. It is a bizarre cross between the Burlington, Harpers, and The Face, belligerently angled towards the rich, the educated, the stylish, and the exclusive, but redeemed from élitism and condescension by the imagintaion of its contents.

It is very much a *pictorial* magazine, with words slipped in between the beautifully reproduced illustrations. But the words are also by old masters. *In the first English edition* de Chirico (now an artist who is taken very seriously) is matched with a commentary by the late Italó Calvino. For a timely piece on Sir Alfred Gilbert, whose reputation is being restored by the exhibition now at the Royal Academy, the text is by the acknowledged expert, Richard Dorment.

Oddly enough FMR transcends its image. It makes much of its select readership; its pleasure in rejecting advertisements that do not match its chosen illustrations; its connoisseurship through price — *it will cost £7 a copy. And yet* behind a scarcely concealed intellectual snobbery there lurks the off-beat and superbly embroidered articles. In particu*lar the first English edition* has André Chastel, a leading French art historian, exploring the fly in art. Flies first appeared in the paintings of northern masters around 1450 and then spread to Italy—were they to show the artists' realistic skills, just *memento mori* symbols, or did they represent philosophical gadflies?

Such intriguing articles are hardly the stuff of *Dallas* and *Dynasty*, and although the suc*cess of FMR in its native Italy* and, more recently, in the US, owes much to its decorative pretensions its first offering for English-speaking non-Ameri*cans would not disgrace* the common room at All Souls. Let us hope the artistic standards are not watered down by the blatant commercialism of the enterprise.

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Irresolute approach

THE GOVERNMENT has got itself into a humiliating and potentially very damaging position over the future of the Leyland truck division and Land Rover. By suddenly withdrawing Land Rover from the package deal which General Motors expected to sign, after many months of patient negotiation, on Friday, it provoked a walk-out by the GM team — simply, it seems, because the GM negotiators were not empowered to discuss what had become a completely different proposal. The Government can now either try to tempt GM back into talks, which certainly cannot be done without loss of face, or resign itself to putting more public money into the Leyland group. It must also try to undo the damage which Austin-Rover, the car side, has suffered from the whole episode, and convince other overseas companies that Britain still genuinely welcomes inward investment.

Nobody knows the arguments in favour of the GM deal better than the Government itself. The heavy truck division, thanks to an investment of some £300m, has modern facilities and competitive products, but needs to replace the export markets it has lost in countries like Nigeria. The lighter commercial vehicles from Freight Rover need replacing. GM needs a virtually complete new range above the car-derived vans which it sells successfully, and Leyland would provide both new products and opportunities for rationalisation.

The Land Rover four-wheel drive range can no doubt survive on its own, but might realise much more of its growth potential in the hands of a new owner with a long purse. The great promise of the proposal is that GM wants Leyland partly because it badly wants some of its products; that is the best guarantee of continuity, development and indeed local content.

Opportunity

In our view it is quite absurd that this opportunity should be lost because of an outburst of jingoism on the part of a handful of backbenchers; but if the Conservative party managers judge otherwise, they should face the consequences. They will be costly in public money, and perhaps in jobs.

The most obvious problems concern the future of the Leyland group as a whole. Its corporate plan, which involved no further call for public funds, assumed that the commercial vehicle side would have been sold off. If this is not to happen, the truck side will need support in its search for new partners, and the Freight Rover side in developing new products. The Government's commitment to Austin-Rover strategy, based on a drive toward more specialised products in association with Honda of Japan, now appears to be in doubt with the sudden appointment of Mr Graham Day over the heads of the existing management.

The strategy still seems right, even though the execution, especially in terms of quality engineering, still leaves a good deal to be desired. The Honda-based cars show that the Leyland factories can get it right. The Government should reaffirm its own support for Austin-Rover's objectives, and should also let Mr Day take over from what has been rendered a lame-duck management as soon as is practicable. The car division cannot be left to drift while ministers dither over foreign bids for other parts of the group.

Acquisition

However, perhaps the most important task facing Mr Paul Channon, the Trade Secretary, in his statement on Leyland today will be to limit the damage the episode may do outside the Leyland group. This could be quite extensive if the talks w/h GM have indeed been abandoned for good. GM is itself an important member of the British motor industry and some of its activities will almost certainly be curtailed if it is spurned. The potential and more avoidable damage is that other American companies contemplating an acquisition or a direct investment in the UK may well have second thoughts after seeing two American-based companies already well established here frustrated in a few weeks.

Indeed, friendly invaders from other countries—including Honda—may now need some convincing that the Government will in future stand up to the kind of clamour which has broken out over Land Rover, and the depressed regions of the UK, as well as Britain's export prospects, still depend heavily on the inward investment which is about the only manufacturing field in which Britain has up to now out-performed her EEC partners. A resounding speech would be a start. A renewed invitation to GM would be convincing.

French economic priorities

PRESIDENT Mitterrand and Mr Chirac, his new Prime Minister, are to be congratulated for the smooth manner in which they handled the transition from socialist to conservative administration in France. A constitutional crisis as the result of a clash between a socialist President and a right-wing Prime Minister still cannot be excluded in the longer term. But, for the moment at least, both the protagonists have given the impression that they want to put the country's interests first and to make "co-habitation" work.

The fact that Mr Mitterrand resisted the temptation, offered him by the constitution and the *narrowness of the conservative* victory, of choosing a Prime minister less opposed to him in ideology and personality than *Mr Chirac, was an act of politi*cal maturity. The nomination of the most obvious leader of the centre-right alliance should *greatly help to* provide France with an effective government.

In return, Mr Chirac appears to have recognised the special position of the president in the field of foreign and defence affairs, in keeping with the spirit, if not the letter of the constitution of the Fifth Republic. The president thus remains an active arm of government and will provide a certain continuity in French foreign policy.

Less explosive

Following the power-sharing agreement between the President and Mr Chirac, the stage has been set for the implemen*tation of the programme on* which the centre-right parties were elected. That includes the privatisation of all the *nationalised* banks, the large industrial companies brought under state control by the socialists, the lifting of price controls and the deregulation of the financial sector.

Like is socialist predecessor, the new government should take advantage of the relatively favourable state of public opinion in the early post-electoral period to implement *the most* difficult part of its economic programme. The recent improvement in the country's economic situation, *thanks largely to the fall in the* dollar and oil prices, has produced a fertile climate for privatisation projects. Horeover, the whole issue has become politically less explosive as the result of the admission by some leading socialist economic experts and managers that nationalisation is not the panacea they once thought it was.

Exchange controls

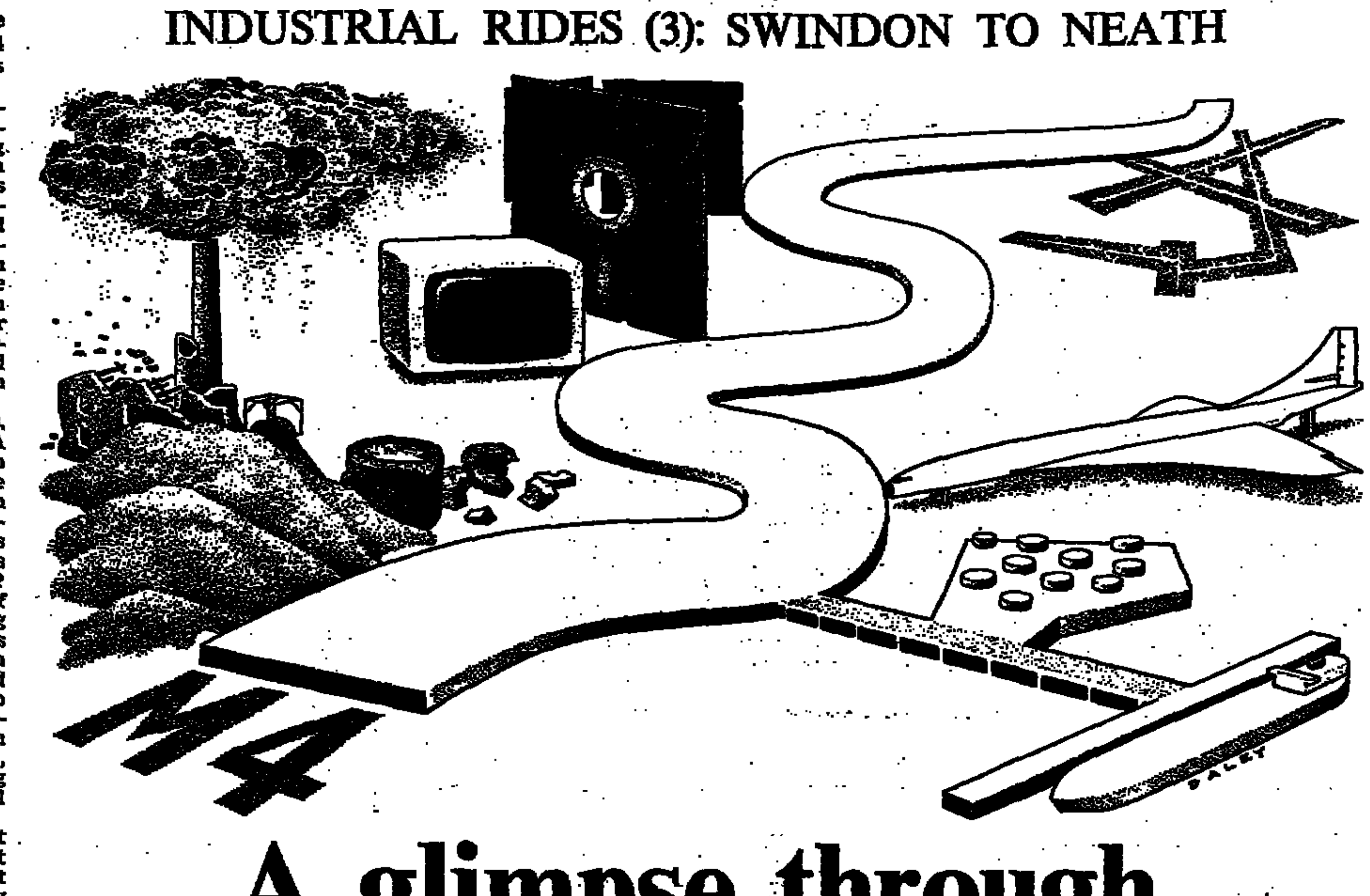
In the immediate future, the new government will be faced with a decision on whether to seek a devaluation of the *French franc within the* European Monetary System (EMS). The objective arguments in favour of such a step are convincing. The EMS was devised to maintain the stability of real exchange rates through small adjustments, whenever necessary. In the case of the franc, a realignment is justified by the fact that the cumulative inflation gap with West Germany, France's main trading partner, has grown to 12 per cent since the last readjustment in March 1983.

As a result of this loss in competitiveness, French exports stagnated last year and France's share of world trade in manufactures continued to fall. A devaluation of the franc, apart from making it more competitive, would also make it easier for the government to lift exchange controls, an important item in its programme.

The members of the new administration opposed to a devaluation argue that such a move is no longer necessary, given the recent big improvement in the trade balance. They have also warned that a depreciation of the currency, coupled with the planned lifting of price controls, might encourage an inflationary spiral just when inflation appears to have been brought under control and is expected to fall to 2 per cent or less.

There are thus also some valid domestic reasons for not devaluing the currency. What is important is that, if the franc is to be devalued as part of a general EMS realignment, it should be done in a timely fashion, instead of waiting until market pressures make the decision in*evitable.*

INDUSTRIAL RIDES (3): SWINDON TO NEATH



A glimpse through the corridor door

By John Lloyd

WE APPROACH the future to which the M4 corridor leads us through fragments of the past.

In Windsor, they are constructing *a sight and sound* display of Queen Victoria arriving at the station, all wheezy steam whistles and bowing fibreglass postillions. *In Bristol, the industrial* museum on the refurbished dockside displays the technological triumphs of the town *through the past century:* the aerospace display, full of such artefacts as the Bristol Jupiter engines used in Imperial Airways; *the Bristol Blenheims* and the Bristol Beaufighters flown by the Few.

In one corner, the Olympus, developed *for Concorde*. A sentimental attachment of no importance? Or a sign that the Phoenix of M4 corridor hi-tech growth, which the Bristol aerospace industry did as much as the motorway itself to assist, is still flapping about in the ashes?

Right at the western end of the corridor, they are thinking of making a museum out of bits of the present. Neath is a town *of some 60,000 souls*, who used to think themselves lucky to have so many big companies—BP, Metal Box, Dupont, British *Aluminium, British Steel*, National Coal Board—providing around 80 per cent of the total employment of the town.

When industrial recession bit at the end of the 1970s, Dupont and British Aluminium went altogether, BSC cut its nearby Port Talbot plant from 11,000 to 4,600, Metal Box slimmed from 3,000 to 600 and the NCB shut the last pits up the valleys near the town. So now the unemployment rate is over 16 per cent, with 900 on the Community Programme and another 200 on the Youth Training Scheme, a lot of hopeful wage labourers trying to become entrepreneurs in the industrial estates round the town. Keith Trimnell talks of starting industrial tours.

Mr Trimnell was, until two years ago, an assistant secretary in the Welsh Office: now, with Dennis Simpson, a Swansea consultant and Howell Brittan, the Metal Box convenor and local councillor, he runs the Neath Development Partnership which "employs" the 900 on the CP and tries to jolt Neath council into the harsh realities of the post-industrial world.

Brittan is the lynchpin. Son of a miner, representing two former mining villages—Pontrhydyfen and Tonmawr—just *outside the town, he is the in*sider who can see that the outside will not permit the place to be the same again. "You *can't think a change of Govern*ment will bring millions of jobs. Britain is part of the world economy and becoming less and less competitive. You have to define the situation in these terms.

"There's an attitude here, if you lose your job you just fall back on the state." It needs education to get out of that. People here have been trained as industrial fodder for years."

The three partners work hard and have successes: the engineering company they began, Neath Manufacturing and Engineering (seven workers in a co-operative) has just won a big-company order and will take on more staff. But there is a vein of pessimism. Says Mr *Trimnell: "What you've got in* these valleys is inner-city problems without the racial tension. Because the houses lie in strips along the valleys and you see the mountains, you think it's OK. But up the Afon valley (just north-east of Neath) there are communities with over 50 per cent unemployment. These places are just as likely to be disaffected as Brixton."

At a village called Resolven, Mr Brittan swings the car into a field where about 20 teenagers are eating sandwiches and a few older people are looking into the guts of an old Caterpillar tractor. It is one of his CP schemes and comes under the leadership of a tough, funny woman called Beryl Davies who is bringing up three kids on her own and who renders the voluble Brittan temporarily speechless by saying: "They're accusing me of sleeping my way to the top now I've got this job."

Ken George, a former miner and Metal Box worker, in his early 50s, says he had tried for 111 jobs in his two years of unemployment. Brittan slaps backs and tells jokes, but as he turns away says: "Government doesn't realise what this is doing to communities. The youngsters are not interested in learning." For Wales, where the education ladder has been eagerly grasped for generations, it is among the worst things you could say.

And it is terribly bad up the Afon Valley and further west, up the Rhondda valley, through these ribbons of towns—Wattstown, Stanley*town, Tylorstown, Ferndale on* the way up to Maerdy on the Rhondda Fach (Little Rhondda) where Maerdy pit, the last in the valley, *is still* working, just about, but is dead by 5.00 in the afternoon. In all these towns, the collective institutions are boarded up or half open—the clubs, chapels, welfare halls. In Tylorstown, a Welfare Hall (1933) faces a Congressional Church (1889): both with sightless windows. Down the street, a splash of gaudy colour and life: a video store, with the inevitable cardboard Rambo flaunting his varicose pectorals at a community whose muscles are no longer required.

But go over the hill to Aberdare and up to Hirwaun. There, out of the town on a desolate hillside which seems to be made of coal, next to the decaying (but still working) Tower pit, into an industrial estate and you reach Hitachi. Here, some 1,000 people make an average of 1,650 TV sets a day, and one day last year made 2,004. *They also assemble* 250 videos and 250 hi-fis. Five years ago, the plant made an average of 1,250 sets a day with 2,200 people and set a record of 1,750.

These busy people, mostly women, tend to sit in long rows at well-organised benches as belts move slowly in front of them with bits of TVs on them. When they have time to look up, they will see mottos: Hitachi, strong on making TVs, is *very* strong on mottoes.

The overall company motto, made in Japan, is "We are one." In Hirwaun, the workers in the various departments *have supplemented these with*, their managers say, their own, sewn on to banners. In the personnel department, it reads: "*Achieve more—Innovate—Lead Strongly—Go Faster;*" in the printed circuit board fabrication *section, it* reads, poetically: "Effort, enterprise and PCBs/Make good TVs."

The plant, taken over wholly by Hitachi from a failing partnership with the General Electric Company in 1984, was where Arnold (now Lord) Weinstock began his industrial career when it was owned by Radio and Allied Industries after the war.

It is terribly efficient, of course, but it is the how that fascinates. It is run by an endlessly courteous and affable man named Tadashi Kurose, a Hitachi hotshot sent to turn the place into profit (not yet). "Do not knock." He is the only executive with an office: when Hitachi took full control, they tore down most of the walls and put the managers in *the middle* of the people they supervise. They put them all — all — in little blue jackets with labels giving name (first name big) and department: no rank (the workers voted on the colour). Most important, it signed a single-union, no-strike deal with the electricians' union, the EETPU: some of the other union members objected at first, but that is all past. The single union, says Roy Matoda, one of the personnel managers, reflects the company's motto, and: "We could understand the fundamental policies of the EETPU — *mutual understanding between* the union and ourselves; to improve the company's output and the UK economy so that *employment is more secure:* this principle we found good."

Mr Matoda, who compensates for the loneliness of his colonial posting by running a Japanese Society in Cardiff, emphasises unity and understanding whenever he gets a word in between his British colleagues. They — Tony Fegge, a fellow personnel manager; and Frank McGovern and Jim Robertson, who run the production side — are keen as mustard on the set-up. When they come to the canteen, which guarantees to serve up a choice of a meal in six minutes at the most (lunch break is 30 minutes), they point out the old arrangements — 4 canteens, one for top executives, one for middle managers, one for white and one for blue collars — and snigger. Now, Mr Kurose eats in there in his blue jacket, often choosing to sit beside the convenor.

The Hitachi trucks have about 10 miles of bad road to get to the dual carriageway A470 *which curves down past* Pontypridd to the M4 once more. Soon after crossing the Severn Bridge you come to the junction of the M5 (up to Birmingham) and the M4, wherein nestles another one of our industrial conquerors, Hewlett Packard. It does not dress its people in little blue jackets: indeed, they seem to dress themselves in any old thing. But it does fly the stars and stripes beside the Union Jack outside a low building set in sculpted, rolling grounds.

HP is among the world's most advanced computer companies: it turns over $6.5bn, 30 per cent *of that in Europe*; it spends $600m on R and D, of which $100m is spent on HP Labs, where they do R and D with a big R and a little d.

Don Hammond, the man who runs the lab, does not have a "Don't knock" sign on his door because he has no door: like the other 65 thinkers in the lab, he has a space defined by partitions. He is leaving Bristol later this year to return to Paolo Alto, where the other five labs are: he'll hand over to John Taylor, a former Ministry of Defence scientist whom he recruited 18 months ago to take the lab up to a "critical mass" of 170 thinkers.

Both men are concerned for the British economy: not enough R and D, not enough engineers. Mr Taylor has just come back *from telling* an audience of Oxford academics that the UK civil R and D was the lowest of advanced countries, and declining.

Mr Hammond is both messianic and Puritan about the role of the entrepreneur, seeing the UK's traditional low opinion of such people as *perhaps* a reflection of their "excessive focus on personal wealth as a short-term goal . . . there is no room for anything but absolute integrity." Developing his theme, he says that the British people developed a series of protection against exploitation by the 19th century capitalists, of which unions were one: an industrial culture has to be re-imported from nations who got there later.

Swish on down to Swindon, which is trimming down its once great railway workshops from 2,300 last year to 470 at the end of this month—but has gained 85 through Micro Systems Maintenance. It was formed early in 1983 by John May, who left the Kode electronics company with 10 managers after a bust-up with a new chief executive.

He and his executive director Clive Markiew, tailor themselves severely to the market: they are on the M4 because it is en route to Heathrow, chose Swindon because its industrial estate looked most like a US industrial park, eschewed South Wales (where grants were available) because Americans would not like industrial decay.

They worked their ways up from the shop floor and do not want graduates; get them in young and train them up is how they do it. They do not want to make things—do not think the country can, anymore. Says Mr Markiew: "We (the British) can't run companies over 1,000 people. The *Japanese* and Americans can accept instructions: we can't. We've got to utilise people's creativity and give them an interesting life."

It is liberal as a management philosophy, but limiting: further down the corridor, Logica and ICL are testaments, if not world-beating ones, to more ambitious British management. But the pessimism at both ends frames the foreign-owned dynamism in between: can the wealth created by the Hewlett Packards and the IBM's and the Intels and the Digital Equipments and Honeywells and Zilogs, as well as Logica and ICL and Racal and Inmos pull up the desolate valleys? Can British companies convince British workers that "we are one"? Should the British workers trust them to? Or are the old defences against capitalism too strong for a capitalism too weak to have a good go once more?

The next Industrial Ride will be from Birmingham to Manchester. Previous articles in this series appeared in the FT on March 10 and 17.

Men and Matters

Cobalt cured confusion

The UK Government is still dithering over when and how to release a report by its medical and scientific advisers advocating the use of nuclear irradiation to sterilise food.

It already permits the process to be used on other bits and pieces put into the body, from surgical gut to artificial joints.

"Irradiation" of foodstuffs by an intensely radioactive by-product, such as Cobalt-60, *could, it is claimed, prevent* some deaths and much misery from food poisoning every year. The government experts have concluded that, for certain perishables and under carefully prescribed conditions, it is harmless.

Could a new term that distances irradiated food from the dreaded nuclear by-products be *the answer?*

In the US, no less an agency than the Food and Drug Administration, in Washington, has come up with "picowaved" food. This implies that a shorter ray is used than in microwave cooking. In South Africa, where irradiated foods, such as bananas and strawberries, already sell briskly in supermarkets, they have coined the term "radurisation."

Afficionados of the nuclear game will recall that the neutron bomb — the one which kills people but leaves property unharmed — was described in America as emitting not deadly but "enhanced" radiation. No one was fooled and the project was canned.

Iradiator folk need not trouble themselves with this grim comparison. They may, however, be worried that any euphemism employed will stir up the never-ending "Sellafield (formerly Windscale)" saga.

"Big G as in George—than small l as in leather, e-n-h-o-l-m-e-s. . . ."

Pop art

Harvey Goldsmith, *one of* Britain's best-known pop music impressarios, and his business partner, Edward Simons, are about to prove that the current wave of management buy-outs is not confined to state-run conglomerates.

Goldsmith—the Lew Grade of Rock—is said to be experiencing problems with some of his artists over his South African business connections but remains in bullish mood. He and Simons are set to take over Allied Entertainment, the entertainment arm of Kunick Leisure, in a deal which recapitalises Allied at around £7m. Last Friday, they completed an arrangement under which Allied will market a new range of "sell-through" feature films on video, retailing at under £7 a film, based on the titles of Sam Goldwyn.

"We felt it was time to take control of our own destiny again," says Simons.

Kunick, which operates such diverse diversions as water splash parks and the London Dungeon, took over Allied a few years ago when a cash injection was welcome news. Now, with Allied the only significant UK-*led entertainment* and media company since the demise of ACC, Kunick—aided by a cash inducement from investment bankers Albion Trust—has been persuaded to relinquish control.

Allied is to continue in concert promotion, management and agency work, media licensing and distribution and marketing and sponsorship. But it is *in an expansionary mood* and promises "*a major project* in the very near future."

Banking on it

The European Currency Unit, or Ecu, set up originally by the architects of the European Monetary System to allow the EEC to express its financial transactions in a unified form, has suddenly become tangible — albeit only just.

Rémi Gross, in charge of banking operations, at the Bank for International Settlements (BIS), became the surprised owner of a real Ecu — a silver coin which served as France's national currency in Renaissance times — when the accord was signed on Friday setting up an inter-bank clearing system denominated in Ecus.

Over its more than half a century in existence, the BIS has normally made a point of accepting only hard currencies or, better still, gold in payment for its discreet services to central banks around the world. So is the pattern now broken?

The BIS says not. Although the Basle-based bankers' bank is happy to receive the 15th century momento, Gros confirms that it has no intention of keeping its accounts in (modern) Ecus. It is perfectly content with the sound, if archaic, Swiss gold francs in which its balance sheet has been drawn up since the 1930s.

The BIS might be looking to *history for justification for its* decision. Dominique Rambure of France's Credit Lyonnais, chairman of the group of international banks promoting the Ecu, pointed out on Friday that the symbolic Ecu — minted during the reign of Charles VIII — might be forged.

Boys together

Labour members of parliament have found a new name for the financial services Bill, which is expected to complete its Commons standing committee stage today.

It has been christened "the Chichester charter" by Austin Mitchell, the Labour member for Grimsby—*a reference to the* constituency *of* Anthony Nelson, the Conservative MP who has been trying to reshape the *bill to give more statutory* powers and authority to the securities and investments board.

Along with his close confidant Tim Smith, the Conservative MP for Beaconsfield, Nelson has already joined opposition members in defeating Michael Howard, the junior minister in charge of the Bill, in one crucial division.

But few observers are aware that Smith and Nelson have more in common than just their zeal for tougher measures to protect investors after the Big Bang. They have been "friends and rivals," according *to Smith*, since they first met as 13-year-old new boys in the same house at Harrow.

Both men later figured in the Harrow athletics team—before splitting up when Smith went to Oxford and Nelson went to Cambridge. They were reunited in the City when Nelson became a merchant bank graduate trainee, and Smith became a chartered accountant.

Extended range

Seen in London yesterday: a Mercedes Range Rover look-alike with a large sticker proclaiming "Keep Land Rover British." Is this a message from Mercedes?

Observer

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	*11½%*	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	11½%	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
Bank Credit & Comm.	11½%	Meghraj & Sons Ltd	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Girobank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd	13½%	*Northern Bank Ltd.*	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	Peoples Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	13 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	13 %	Roxburghe Guarantee	13 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12½%	Standard Chartered	11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E Coates & Co. Ltd.	12½%	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	12½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk	11½%		
Duncan Lawrie	11½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp	13½%		
First Nat. Sec. Ltd.	13½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.69%. 1-month 8.03%. Top Tier—£2,500+ at 3 months notice 10.72%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
¶ Mortgage base rate.
§ Demand dep. 7.69%. Mortgage 13%.

Letters to the Editor

UK nuclear power decisions and fossil fuel prices

From the Director, Centre for International Energy Studies, Erasmus University

Sir,—David Fishlock and Malcolm Rutherford demonstrated a sad lack of objectivity in their report and article on UK nuclear power (March 14). They failed to recognise that the time required for and the reported length of Sir F. Layfield's forthcoming report on the Sizewell inquiry indicates that the case for nuclear power on economic, safety and environmental grounds is not as self-evident as the Central Electricity Generating Board believed. They fail to consider that the inspector's report may well be negative so that it will not be possible, as they suggest, for "government approval for the first pressurised water reactor to be given quickly." They fail to note that virtually all world energy supply, demand and price developments since the CEGB submitted its application for the nuclear power station have undermined whatever validity there might have been for the application in 1981.

The essence of the CEGB's case was its expectation of a strongly rising real price for fossil fuels from their historically high levels of 1980-1981. Internationally traded oil, coal and natural gas now stand at little more than one-third of their prices in 1981 and the prospects for supplies which significantly exceed demands now extend well beyond the turn of the century.

Under these circumstances any nuclear power stations built to be brought on load before 2000 will be hopelessly uneconomic compared with electricity from fossil fuel stations. This is a situation which is now more or less generally recognised throughout the world and evidenced by the recent abandonment of nuclear power station projects in countries as diverse as the US, Italy, Spain, Austria, Sweden, Denmark, Brazil, Egypt, Turkey and China.

Peter R. Odell.
Postbus 1738,
3000 DR Rotterdam.

Co-operatives and the Budget

From Mr M. Lynch

Sir,—Samuel Brittan's article "A new look at worker capitalism" (March 6) echoed in my mind as I read the closing stages of the Chancellor's Budget speech referring to a "a share-owning democracy." Unfortunately, Mr Brittan in his remarks about worker co-operatives, and the Chancellor in his proposals, have demonstrated how out of touch they are with the current practice and needs of worker co-operatives in Britain today.

Mr Brittan's remarks upon worker co-operatives, sandwiched between employee share schemes and the John Lewis Partnership, might lead a casual reader to the conclusion that worker co-operatives are just another form of workplace democracy in which a manager's rights to manage are more easily accepted because the workers are participating in the profits of the enterprise. This, worker co-operatives prove, is just not the case.

The 900 worker co-operatives employing some several thousand people which have been formed in the 10 years since the Industrial Common Ownership Act in 1976 are predominantly businesses involving less than 25 co-operators. With few exceptions, all the workers are the managers, and frequently work practices incorporate the following characteristics—a very active equal opportunity policy, skill rotation and equal pay. All workers are as a matter of course involved in discussions about pay, but social benefits, such as child-minding allowances and time off work for social activities can be just as important. In other words, there is a fundamental difference in the decision-making structure between worker co-operatives and companies with employee share schemes.

A second fundamental difference is that the overwhelming majority of people involved in worker co-operatives have chosen to form common ownership worker co-operatives less than 10 per cent of worker co-operatives in Britain are not common ownerships. Common ownership means that the co-operators have no equity stake in the co-operative which might provide them with a capital windfall at some later date. And, in the event of there being surplus assets on dissolution, such assets are transferred to similar common ownership worker co-operatives or to a charity.

Inevitably the application of the co-operative principle of a limited return on capital causes some difficulty for worker co-operatives when seeking finance from traditional sources, for in conventional accounting terms it does not appear that the workers have any capital committed to their business. To some extent this is not surprising since many people currently forming worker co-operatives are unemployed. The other problem has been that the co-operatives themselves have often undervalued their own capital contributions to the business by not accounting for their unpaid wages as what they are, namely a form of loan capital.

Mr Lawson would appear to share with Mr Brittan some of the misconceptions about worker co-operatives. The only proposal in the Budget directly aimed at worker co-operatives would apply to less than 10 per cent of worker co-operatives in Britain. The proposal, to amend the Finance Act 1978 to permit the use of redeemable shares in an approved profit-sharing scheme for worker co-operative registered under the Industrial and Provident Societies Acts, is welcomed. It acknowledges the underlying principle that tax relief should be given to a co-operator who lends money to a co-operative in which she or he works. When the worker leaves the co-operative, the co-operative can then redeem that amount. What the Chancellor should have done, and I hope will do, is [illegible] and introduce a similar relief to a co-operator who makes a loan to his or her co-operative, as a loan.

The Chancellor has gone some way to assist worker co-operatives. Unfortunately his proposed relief will only assist a small minority of them. I hope that he can see fit to accommodate the majority of worker co-operatives in his share-owning democracy by introducing relief to assist workers in common ownership worker co-operatives to re-invest their profits in their own businesses.

M. J. Lynch,
(Convenor, Legal Working Party),
Industrial Common Ownership Movement,
7 and 8 The Corn Exchange, Leeds.

PR activities in takeovers

From the Chairman, City Research Project, Institute of Public Relations

Sir,—The concern expressed in Martin Dickson's excellent article on UK takeover battles (March 12) about the activities of public relations companies is shared by the Institute of Public Relations.

This is a major reason why its city and financial group has sponsored a research project into the effect of recent and future changes in the City on the practice of financial public relations. This project, which is due to be completed in May this year, is being carried out by two London Business School MBA students and is designed to result in a code of best practice in the financial public relations sector, which will be appended to the Institute's overall code of professional conduct.

While this by itself will not wipe out bad practice overnight, it will be a significant step on the road to improved self-regulation in this important area by the representative body of public relations practitioners.

Peter Smith.
Reed International,
83, Piccadilly W1.

Problems in recruitment

From the Chief Executive, Employment Division, Manpower Services Commission

Sir,—Angus Hanton (March 18) reported some problems in recruiting a clerical worker through Brixton Jobcentre. The Jobcentre is in fact highly effective in helping both employers and jobseekers. It takes about 3,900 vacancies a year and places about 3,800 people in jobs at around £53 per placing; when I visited it recently I found a highly motivated staff delivering a good service to the public. I am sure therefore that by now the manager will have been in touch with Mr Hanton about his problems.

We do not open on Saturday mornings because when we tried it three years ago it cost a great deal for the business it brought in. We are however, very anxious, as is Mr Hanton, to help unemployed people. The MSC is considering the Government's Budget proposal that the staff in Jobcentres should be greatly reinforced in order to give this help.

S. Loveman.
Moorfoot,
Sheffield, Yorks.

Industrial customers wanted

From the President, Machine Tool Trades Association

Sir,—The Chancellor pointed out in his Budget statement that unit labour costs in UK industry continue to rise and make the prices for manufactured equipment uncompetitive with foreign manufacturers. We welcome falling inflation and the maintenance of this policy so that industry can bring these costs under control.

He has however neglected another major area which affects manufacturers' ability to control costs and this is the industrial customer base. We have watched with alarm over recent years the shrinking of domestic manufacturing capacity and with the withdrawal of capital allowances this process is happening even faster. An expanding customer base apart from keeping Britain as a major manufacturing country also increases the volumes of production and enables us as managers to keep down costs and retain employees.

The fall of one point in interest rates is of help to us but UK interest rates are still completely out of line with our main competitor countries to the extent that they are a disincentive to long term strategic capital investment.

The machine tool industry is therefore most concerned at the neglect which the Government continues to show for industry and its development. A great opportunity has been missed in industry year.

R. P. Bull,
62 Bayswater Road, W2.

The benefits of trusts

From Mr S. Northcott

Sir,—As my partners and I spend a lot of time advising on capital taxation and, in particular, the burden of capital transfer tax (CTT) and how to relieve it, I was much interested in Stephen Chapwell's article (March 8) and in David Lang's letter (March 15).

I think that people need reminding of the benefits of discretionary trusts and similar vehicles for saving CTT and should not be led to believe that the much acclaimed inheritance trust is a sort of cure-all for CTT problems. We view the present popularity of the inheritance trust with some concern and caution.

We have been involved in a number of cases recently where it is quite obvious that people have been offered an attractively wrapped package which does not suit their circumstances and which has been pressed upon them by an advisor, perhaps a bank manager, insurance broker or stockbroker. Such a package normally involves substantial expenditure which could be reduced to a negligible level if some other course involving, for example, a discretionary trust or an accumulation and maintenance trust had been adopted. One such item of expenditure is capital gains tax (CGT). David Lang mentions, as a factor to bear in mind, that assets transferred to a trust will not have in-built capital gains "washed out" on the death of the settlor. An advantage of the use of a trust however, is that assets can be transferred to it without payment of CGT, whereas if an inheritance trust is used this often necessitates the sale of assets to raise cash, which may give rise to a substantial CGT bill. Quite apart from this disadvantage, there are risks in inheritance trusts arising from the close scrutiny which the Revenue is undertaking and there are also in many cases income tax dangers on the profits arising from the policies when the insured dies.

Notwithstanding these disadvantages the inheritance trust continues to be marketed strongly with minimum or no reference to these pitfalls or to the substantial commission charges to which those who sell them become entitled. It is a cause of some shame that the advisors are frequently professional people upon whom clients place a heavy reliance. I imagine that little can be done about this except to urge clients to seek independent advice and to see what other vehicles may be suitable for their needs.

S. J. Northcott,
10 Great James Street, WC1.

The need to assist small debtor countries

From the Assistant Secretary-General and Special Representative of the Secretary-General for Bolivia, United Nations

Sir,—Mr Wagstyl's article on the international tin crisis (March 13) correctly states that the difficulties of other tin producers "pale in comparison with Bolivia's which relies on tin for 40 per cent of its export revenues" and are likely to plunge "an impoverished country deeper into economic trouble."

In your Editorial of March 10 you had drawn "one obvious moral" of a more general character deriving from the collapse of the International Tin Council, namely "That groups of governments cannot always be trusted." It is presumably on this account that Sir Adam Ridley is cited in Mr Wagstyl's article as being concerned lest "Debt-laden Third-World countries might use the ITC as a precedent if they ever chose to renege on their loans."

There is an obverse of this coin, and that is that small, desperately poor countries, such as Bolivia, which are demonstrably doing their utmost to stabilise their economies and at the same time reinstate democratic institutions, deserve special international understanding and treatment. Since he assumed power in August last year, President Paz Estenssoro has repeatedly pledged his Government's recognition of the external debt inherited from the authoritarian regimes that held power before 1982, and has taken stern measures designed to put the economy straight, which must be the first step towards the economic growth that can alone provide a sound basis for the country to honour its international obligations. These actions, which have caused additional hardships for one of the poorest and most deprived populations in Latin America, have been applauded as courageous by many informed observers. Negotiations with the International Monetary Fund, on which the provision of funds from many quarters depends, are also well advanced.

The established procedures take many months, however, and impose an almost impossible strain on a small economy with depleted resources and virtually no reserves. In an effort to bridge this gap, until more conventional mechanisms can be put in place and longer-term loans negotiated, Dr Javier Perez de Cuellar, the Secretary-General of the United Nations, launched on October 18 1985 an emergency fund of $150m of short-term loans, to be negotiated between central banks. A situation that was already precarious on October 18 worsened dramatically with the collapse of the ITC on October 24 and the failure of the efforts during the succeeding months to find a way of reopening the tin market. This was an added blow, due entirely to external developments for which Bolivia can hardly be held responsible.

The response to the emergency fund has in some respects been encouraging and commitments now stand at $105m. Almost all of these have been from Latin American countries, the only ones from outside being China and Spain. Most of the other European countries have indicated that nothing can be done until an agreement is signed with the IMF, thus defeating the whole purpose of the exercise, which is meant to be complementary to the IMF and is so seen by its executive director.

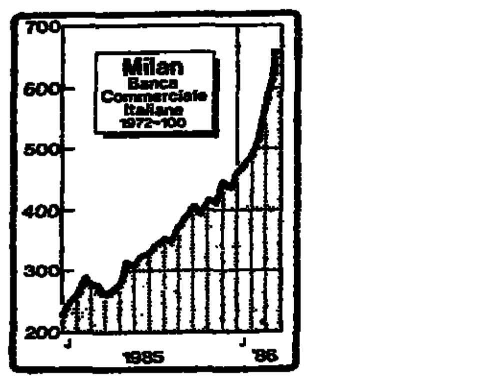
The conclusions to be derived from this are twofold. *Is it not time to devise effective and expeditious ways of assisting small debtor countries,* which do not qualify for the special arrangements available to those large enough to constitute a threat to the international monetary system, and which, by the same token, cannot withstand the waiting time imposed by the traditional rescue mechanisms? Is it not time, also, to give more weight to the far-reaching political implications of such situations, over and above the strictly economic and financial aspects, when deciding to give assistance or not? In the case of Bolivia, if the latest adjustment programme were to suffer the fate of its predecessor and founder, the consequences would not only be grave for the democratic process, so recently restored there, and still fragile, but likely to reach beyond its frontiers, given the country's key geopolitical location at the heart of the continent.

Margaret J. Anstee.
UN, New York, USA.

Mario Schimberni: "We must not be afraid."

Ettore Fumagalli: condemns unselective share buying.

Carlo De Benedetti: "The market is overbought."



Italy's stock market boom

Milan's bulls run wild

By Alan Friedman in Milan

THE STREETS of downtown Milan have been dotted in recent days by crowds of people staring at the screens in bank windows which carry the latest flashing prices of shares on the Bourse.

A fever has gripped Italy; hundreds of thousands of first-time small investors are pouring money into the stock market as though they were buying lottery tickets. Last year's unprecedented bull run, which saw the Banca Commerciale Italiana (BCI) share index grow by more than 100 per cent, shows no sign of letting up.

Last week alone the market rose by 9 per cent and gained 5 per cent in a single day. Daily trading volume is now averaging a record L400bn.

What is happening is that the boom on the Bourse — originally fuelled by fundamentals such as large-scale industrial restructuring, falling inflation, reduced labour costs, dramatically improved corporate profitability, political stability in Rome, and the substitution of exorbitantly priced bank loans for companies with share capital from the market — has taken on a populist complexion. Capitalism (and the quest for capital gain) has become a mass phenomenon.

In one way, it is a satisfying, optimistic development which reflects the turnaround which Italy has experienced over the past six years.

On the Bourse, however, there is more than a whiff of danger: Italy has always been a country of exaggeration. The country's most senior leaders are now alarmed that the stock market could go too far too fast.

Normal Anglo-Saxon standards for analysing shares have never meant much in Italy, but price-earnings ratios have now been virtually discarded as the average hovers between 20 and 40. To take but one example, it is hard to see how even the most successful restructuring at Fiat, the country's largest private sector conglomerate, can justify the fact that Fiat ordinary shares, which stood at L3,000 12 months ago, are today worth L10,500. Fiat shares rose by 19.6 per cent last week.

Average yields of 2 or 3 per cent mean as little as price-earnings ratios; the game is capital gains. Since the start of this year the BCI stock market index has jumped by nearly 50 per cent. Stockbrokers say they are working until midnight and weekends to keep up with orders, while the bureaucratic backlog at banks which act as clearers with the Bank of Italy's Milan branch is becoming a logistical nightmare. As a result, banks are issuing investors with a type of promissory note instead of share certificates, which can take months to be processed.

Still, the popular phenomenon continues. Newly authorised unit trusts have attracted US$20bn of funds from more than 1m small savers in the past 15 months.

Even though the unit trusts have been selling heavily in recent weeks, taking profits on doubled and trebled investments, hundreds of thousands of first-time savers are going directly into the Bourse, buying with what seems an almost blind ignorance.

Dr Ettore Fumagalli, chairman of the Milan Bourse, complains of the lack of selectivity in share buying and estimates that there may be up to 3m individuals playing the market at present. He is worried that a clampdown by the authorities—the possibility of which was hinted at a few days ago by Treasury Minister Giovanni Goria—could have a negative effect on a fragile and overblown market.

Symptoms of investment fever abound:

- Sales of Il Sole 24 Ore, the Italian equivalent of the FT have risen to nearly 300,000 copies, a doubling of circulation in just over three years. A rather sophisticated guide called "How to read Il Sole 24 Ore" and priced at $19 has sold 100,000 copies.
- In Milan recently white-collar workers at RAS, the country's largest insurance company, blocked the streets for part of a day as they went on strike demanding the right to stock options.
- Taxi drivers in Milan will ask passengers carrying a copy of Il Sole for today's Fiat or Olivetti share prices. One banker said he was asked the price of Fiat shares by a tollbooth collector on the motorway
- L'Unita, the official organ of the Communist Party, recently introduced share listings after a flood of demands from faithful party member-investors.

Mr Carlo De Benedetti, the Olivetti chairman who also controls a personal industrial and financial empire, was among the first of Italy's new generation of entrepreneurs to understand and make use of the market mechanism. He has used a variety of companies to tap the Milan Bourse for around L1,400bn ($910m) of capital in the past year. But now he, too, is concerned at the way demand on the Milan Bourse is far outstripping the supply of paper.

"The market is over-bought," says Mr De Benedetti, adding that "the prices are too high and make no sense." Nevertheless, he sees the growth of the stock market (total market capitalisation has gone from $28bn in January 1985 to nearly $75bn at present) as "an historical and structural trend, not something which will last for six months, but for the long term." As evidence, he cites the fact that Italy has now overtaken Japan as the country with the world's highest savings ratio

Mr Leopoldo Pirelli, chairman of the leading tyre and cables group which bears his family name, last week also expressed his concern at the way the market is rushing ahead. By contrast Mr Mario Schimberni, chairman of the Montedison chemicals group, does not appear worried.

"We must not be afraid of the development," he says, dismissing the delays in the settlement of share-transactions as "a technicality." Montedison is expected to launch a string of equity issues designed to raise a total of up to L2,000bn ($1.3bn) in the next six months.

There are several dangers for the Bourse: if first-time, small investors pile into the market while professional fund managers are busy taking profits, then the structural base of the market will become increasingly fragile and exposed to a herd mentality.

Another problem is that while the Milan Bourse has grown dramatically in the last year, encouraging more transparency in dealings and more consolidated and audited balance-sheets, much work still needs to be done if Milan is to match standards on Wall Street and London Stock Exchange.

For the Treasury in Rome, which needs to issue $60bn of bonds annually to finance the state deficit, competition from the Bourse for the public's savings is another fear. On the other hand, the entire market capitalisation of the Bourse still represents only one seventh of the country's total financial assets of L800,000bn

The immediate danger for Italy's stock market is that the constant marking up of prices will create increasing instability. "The danger is that people become convinced you can make 2 per cent every day. Then the market becomes a gamble and we all will get hurt," says Mr De Benedetti.

FINANCIAL TIMES

Tuesday March 25 1986

Western Desert discoveries may justify high expectations, reports Tony Walker

Oil prospectors smell success in Egypt

EGYPT is on the verge of a significant oilfield development in its Western Desert, according to oil industry sources in Cairo, who are surprised that the find has attracted little attention.

Western oil companies are preparing to begin production from the new field, which is located 400km north-west of Cairo on the northern edge of what is known as the Qattara depression. The companies are Phillips, Conoco and Texas International of the US and Denison Mines of Canada.

"This is a major new play in the Western Desert," a foreign oil company representative said. "The point is that this adds a new dimension to Western Desert petroleum exploration." He said companies are getting "pay" in Cretaceous and Jurassic rock from 6,000 ft to 10,000 ft.

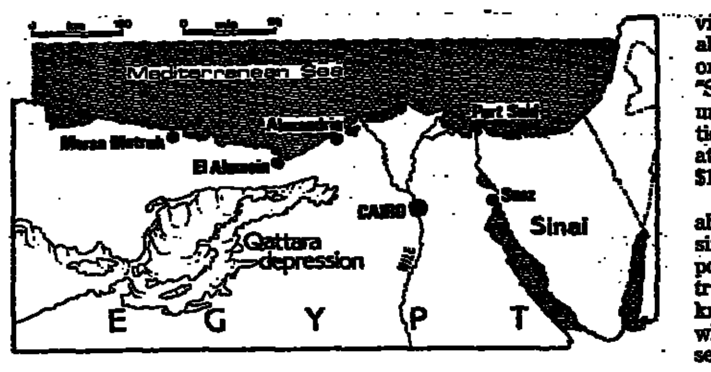
While the discoveries were significant in Egyptian terms, where deposits tend to be small and spread out, he said, they could not be compared with those in the Gulf or in nearby Libya. If initial promise were fulfilled, however, they might in time rival Egypt's main Gulf and Suez fields.

Oil exploration in the Western Desert began in the mid-1950s. A number of Western companies, including Shell, have mounted extensive exploration efforts without success. It has only been in the past several years that useful discoveries have been made in an area previously ignored.

Conoco last year farmed into leases held by Phoenix of the US, a wholly owned subsidiary of Texas International of Oklahoma City. Conoco agreed to fund exploration and development costs which are expected to be in the order of $150m-$160m in exchange for a half share of Phoenix's leases.

Initial production from Conoco's Khalda and Salam fields and two smaller deposits might range between 30,000 and 50,000 barrels a day (b/d). Denison Mines may have production of some 20,000 b/d from its Meleiha field and Phillips of the order of 10,000-15,000 b/d from its Umbarka deposit.

If those projections prove correct – and company representatives assert that they are preliminary estimates based on a limited drilling programme – the Western Desert might account within several years



for more than 10 per cent of Egypt's oil production, which last year averaged 876,591 b/d.

Conoco and Phillips will build spurs from their fields to connect with the main Meleih-to-Hamra pipeline. Interpose of France is building the pipeline, which is expected to be completed by the end of this year at a cost of $35m.

According to an oil industry representative, the significance of the Western Desert development is that it "opens up a new big potential basin." It was much too early to estimate reserves, he said, but the discoveries would nevertheless give a boost to Egypt's hope of maintaining reasonable export levels into the 1990s.

Estimates based on *existing* fields in production are that Egypt would become a net importer of oil by the mid-1990s if current rates of domestic consumption are maintained at about a 12 to 15 per cent increase a year.

One attraction of the Western Desert find for the companies involved is that costs of production are relatively low because it is onshore. "From an oil guy's point of view, operating costs onshore are about one third of those offshore," one company representative said. "So this is still profitable oil even under today's terrible market conditions." He estimated operating costs at $3 to $5 a barrel against $12 to $15 for North Sea oil.

There are also hopes of reasonable gas deposits in the deeper basins, which could be used to provide power for the town of Mersa Matruh on the Mediterranean coast, 60 km-80 km to the north, in an area where the Egyptian Government is seeking to encourage tourist development and some light industry. There is also the prospect of supplying gas to Alexandria.

A sign of quickening interest in the areas around the Umbarka, Khalda and Maleiha fields is that additional exploration blocks put to tender last year were snapped up.

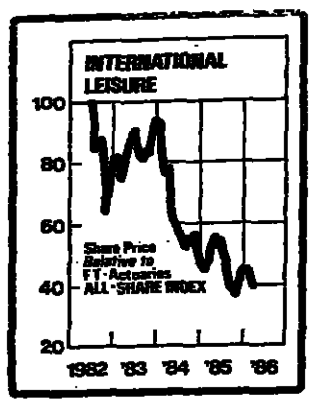
One large block known as the Kanayis concession went to a consortium including Agip of Italy, BP of the UK, Broken Hill Proprietary of Australia and Idemitsu, the Japanese oil-trading company.

Conoco added to its interests with a successful bid on an area near its present Khalda discovery.

THE LEX COLUMN

More barrels than laughs

The indecisive Opec adjournment from Geneva seems to have been more popular in New York than in London. Even the few barrels of May crude traded at $11 were apparently enough to create expectations of a price down into single figures before those barrels came to be delivered. While those expectations were grist to the US bond market, discounting ever lower rates of US inflation, they were no good at all in London – where lower oil prices principally stand for higher funding needs and a shakier currency.



Whatever the revenue calculations, sterling remained in reasonable shape. It could not hold its form against a dollar fortified by the departure of Mr Preston Martin from the Federal Reserve, but even Geneva could not stop some advance against the D-Mark. It looks as if the currency will indeed stand for a further drop in base rate once the authorities decide that the Opec position warrants it; but the shorter money rates were suspiciously firm yesterday.

The same cannot quite be said for UK equities. There is no mystery about determined selling of oils. And last week's rather manic buying of the banking sector had created some decidedly perishable looking profits, which were duly swept off the shelf.

But for the rest, it seemed to be a good old-fashioned mixture of tax-loss selling in the penultimate week of the tax year and plain fatigue in the last leg of a bumper three-week account. Weakness in the ICI share price was not validated by a rights issue announcement, nor yet by the perennial EEC price-fixing story. But perhaps the fact that leading shares are now vulnerable to rumour is telling the market something about itself. It would be a surprise if there were much demand for new-time facilities tomorrow.

Elders/Allied

The old argument that self-regulation will give way to the statute book is looking old hat now that even statutory authorities find themselves making regular appearances in the dock to explain their actions before a High Court judge.

The Monopolies Commission used to be considered the final arbiter of competition policy but in rapid succession Matthew Brown, Argyll Group and Elders IXL have appealed to a higher authority.

So far none of them has managed to overturn a Commission ruling and it may be that Elders fails even to have its case heard. But regular court appearances can scarcely enhance the stature of a statutory authority.

Elders' appeal against the Commission's decision to let Allied have a confidential peep at its own financing plans is hardly unreasonable. While Allied may be shooting in the dark unless it knows exactly what Elders has in mind the provision of what might amount to a pathfinder offer document does seem to place the bidder at a competitive disadvantage.

BT/Du Pont

First the Mitel takeover, now a joint venture with Du Pont to manufacture components for the optical fibre telecommunications industry. British Telecom seems to have an urge to make things rather than just sell its services. Apart from the simple aim of taking a slice of a potentially vast market, BT's creative desire seems to derive from its position as a big customer of the telephone equipment suppliers and its need to keep on top of technical developments.

Last year, BT spent £182m on R&D at its Martlesham laboratory, a fair chunk of which went on fibre optics. In return for putting that expertise into the new joint venture, Du Pont's role will be to develop high-volume, cost-effective production of components and help sell them, especially in the large North American market. BT probably has still more manufacturing plans, and Martlesham may well be the source of technology that can be bargained into joint ventures. What seems clear from the two deals so far, is that monopolies considerations will severely limit BT's freedom of choice of partner and area of operation.

The only snag in stock market terms is that manufacturing is generally worthy of a lower rating than providing services. Investors might be grateful that neither move will make a significant difference to BT's figures in the near term.

International Leisure

International Leisure Group – alias Intasun – has always taken a robust view of the amount of debt which its equity base can be expected to support but, with the balance sheet already over 100 per cent geared and cheques for around $100m ready to be posted to the Boeing Company, even ILG has been forced to recognise the need for fresh capital. Yesterday's rights issue will boost the equity base by 50 per cent and still leave net borrowings roughly equivalent to shareholders' funds if the four new 737-300's are delivered to the balance sheet.

While the rights issue could scarcely have been pitched into a more buoyant market, ILG may be regretting that it did not tap its shareholders rather earlier. The shares have underperformed the market dramatically since the beginning of 1984 and, on a yield of 5.6 per cent, are not anticipating quite all of the handsome prospects to which ILG alludes in its rights issue document. But the outlook for both volume and realised margins does look a good deal more attractive than it did this time last year and, after a decline in underlying profits to £8.7m in 1985-86, the group could easily double its trading surplus in the current year. The new convertible preference shares provide decent income protection and look more tempting than the underlying equity, which closed 2p down at 125p last night.

Malaysian PM floats Sabah peace plan

By Chris Sherwell in Kota Kinabalu

SABAH'S three warring political parties were presented with a formula to settle their differences yesterday when Dr Mahathir Mohamad, Malaysia's Prime Minister, paid a fleeting visit to the oil and timber-rich state on the island of Borneo after 11 days of sectarian violence.

The move looks like a last ditch attempt to prevent violent Moslem protest against the mainly Christian state government damaging the unity of the Malaysian federation and the stability of Dr Mahathir's coalition Government.

Dr Mahathir said guardedly that the proposals could lead to a resolution of the Sabah crisis, but he revealed none of its details. He had met the three party leaders separately and said they had agreed in principle to the plan.

Further meetings are likely later this week in Kuala Lumpur after the party members have considered the proposals. But a compromise will be difficult to achieve.

The plan is assumed to touch on three matters: a possible sharing of power in Sabah, future elections in the state and participation in the ten-party coalition governing the whole country.

Datuk Pairin, who is head of the Parti Bersatu Sabah, is thought to be receptive to power-sharing under certain conditions. His victory last April has never been accepted by his opponents.

His two rivals are Tun Mustapha Harun, a former Chief Minister, who leads the Moslem opposition party, *the United Sabah National* Organisation (USNO), and Datuk Harris Salleh, who was Chief Min*ister in the ousted government* and until recently head of the Berjaya Party.

Both have been in the forefront of the recent demonstrations.

BT and Du Pont plan £100m opto-electronics joint venture

BY GUY DE JONQUIERES IN LONDON

BRITISH TELECOM and Du Pont plan to invest a total of about £100m ($150m) during the next four years in a UK-based joint venture to mass-produce advanced opto-electronic components for use in telecommunications networks.

The joint venture, BT&D Technologies, is claimed to be the most ambitious project of its kind in Western Europe. It aims to compete internationally with industry leaders including American Telephone and Telegraph, Japan's Fujitsu, Hitachi and NEC and STC of Britain.

The world market for opto-electronic components, which transmit telecommunications signals in the form of light, is worth about £350m annually. British Telecom (BT) expects it to grow to more than £4bn a year in the next decade, as copper telephone wires are increasingly replaced by cables made of transparent optical fibres.

BT&D Technologies is *owned* equally by the US chemical company and the UK telecommunications *group. It hopes to have sales of* about £140m, or roughly 10 per cent of the expected world market, by the early 1990s. Its main customers *will be telecommunications equipment* suppliers making optical fibre systems.

This is BT's second major move into manufacturing since it was sold to the private sector 18 months ago. Earlier this year, it won UK Government approval to buy 51 per cent of Mitel, a Canadian manufacturer of private branch exchanges (PABXs), for £160m.

The Mitel deal was referred to the UK Monopolies and Mergers Commission after British telephone exchange makers protested that it would make it harder for them to compete. To judge by initial industry reactions yesterday, the deal with Du Pont is likely to prove less controversial.

BT&D Technologies plans to develop, make and market a range of advanced opto-electronic components and sub-systems, many of which will be based on miniature lasers.

Production is due to start early next year at Ipswich in eastern England. Modern production equipment has already been installed at *the factory, which is expected* to employ about 150 people by the end of next year.

BT and Du Pont are discussing plans to build a second plant in the US by 1990. In the short term North America is expected to be by far the largest market for opto-electronic systems.

The joint venture will draw heavily on technology developed at BT's research laboratories. Du Pont will contribute production engineering expertise and sales and marketing facilities, particularly in the US.

The key to the venture's commercial prospects will lie in achieving reliable, low-cost volume production. At present, many advanced laser devices are largely hand made and cost several thousand dollars each, far too much to command a mass market.

Mr Howard Claussen, an American who formerly headed Du Pont's British subsidiary, has been named *managing director of BT&D*

French Communists challenge Marchais

By Paul Betts in Paris

THE LEADERSHIP of the French Communist Party is coming under heavy attack from a growing and increasingly vocal number of dissidents, worried by the party's electoral decline.

As the Communist Party central committee started a two-day meeting behind closed doors yesterday to analyse the party's disastrous performance in this month's legislative elections, dissident members openly challenged the leadership of Mr Georges Marchais, the party's secretary general, by calling for an extraordinary party congress.

The central committee acts like an internal parliament for the party. Yesterday's meeting was the first since the Communist electoral setback on March 16 which left the *party with only 35 seats in the National Assembly, or only as many as* the extreme-right National Front.

The Communists, who in *1978* were still nearly level with the Socialists with nearly 21 per cent of the national vote, also saw *their* share of the national poll drop to 9.82 per cent in this month's legislative elections. By contrast, the Socialists polled nearly 32 per cent in the last elections.

Worried by the party's steady decline during the past few years, reformist members have repeatedly called for reforms and changes in outlook to enable the party to move *away from its traditional hard-line* Soviet approach. But until now, these reformist members led by Mr *Pierre Juquin, the party's former* spokesman before he was isolated by the hard-line leadership last year, *have been quashed by Mr* Marchais and his followers.

The reformists – or *renovateurs* as they are known – have long argued for the evolution of the party along the Italian "Eurocommunist" model, breaking from its old Stalinist mould.

But the reformists have now returned to the attack following the confirmation of the party's historic decline. In an unprecedented public gesture of dissent in a party where internal discipline has always been sacrosanct, about 150 reformists have signed a petition calling for a special congress. Moreover, they published the petition as an advertisement in Le Monde, the Paris afternoon newspaper.

A *majority of Communist mayors* have also publicly called for a special congress to try to work out a so*lution to the party's popular decline.*

Call for higher farm incomes, Page 3

Oil prices fall after Opec talks

Continued from Page 1

Sheikh Yamani stressed again that Opec *alone* could not increase its market share and restore stability to the market at a higher level without the help of non-member producers such as the UK and Norway.

Sheikh Ali Khalifa al Sabah, Kuwaiti chief delegate, took the same line. "I hope both Opec and non-Opec will contribute towards stability," he said.

Sheikh Yamani referred to a "minority" of members "who pushed Opec to defend the market share alone." Although he did not name them, he was evidently referring to the campaign by Iran, Algeria and Libya for a cut in collective output to 14m to 15m barrels a day.

The three producers wanted a deep cut in production, mainly at the expense of *Saudi Arabia* and the other conservative Arab producers of the Gulf with small populations.

It is now clear that Saudi Arabia, Kuwait and the United Arab Emirates never had the slightest intention of agreeing whatever their tactical moves during the protracted bargaining in Geneva, however, Sheikh Yamani did refer to the potentially disastrous effects of depressed oil prices on Third World oil producers.

He avoided questions on the Gulf conflict between Iraq and Iran. But other delegates said the war was the main reason for the failure of an attempt by Dr Subroto, Indonesia's Minister of Mines and Energy, *to devise a formula for reallocating shares under a collective Opec out*put ceiling of 14m b/d for the second quarter and 16.36m for the full year.

Iran, however, refused to accept any increase in its enemy's output quota whatever total might be agreed for the group unless such a rise were doubled for Iran

Dr Ramzi Salman, Iraqi chief delegate, did not concede that there was any limit to its country's quota except what it could actually export.

Iraq is believed to be producing about 1.8m b/d compared with an official quota under the existing pact of 1.2m b/d. By contrast Iran is reckoned to be producing only about 1.7m b/d compared with its quota of 2.3m b/d.

India rejects Bhopal settlement

Continued from Page 1

litigation, including its belief that all evidence still pointed to a deliberate act of sabotage at Bhopal. "In light of these defences, the amount of this settlement is very substantial" said Union Carbide.

Union Carbide's directors, who still have to approve the proposed settlement, are scheduled to meet on Wednesday.

On Wall Street, news that the Indian Government was not planning to accept the tentative settlement was shrugged off. Union Carbide's shares rose sharply in heavy trading and by midday were $1 higher at a new peak of $20⅝. Analysts thought the proposed settlement was less than feared and that the company could meet the costs without suffering undue financial strain.

However, the reaction among some of the lawyers associated with the case was less positive than on Wall Street. Mr Melvin Belli, the San Francisco lawyer representing 32 Indian lawyers, described the proposed settlement as "inadequate."

Mr Belli is reported to have said the settlement caught him by surprise and he would not have agreed to it. He believes that the figure should be "closer to $1bn."

Imasco launches bid for Genstar

Continued from Page 1

building materials, waste management and real estate.

Genstar is the former Sogemines holding company set up in Montreal 30 years ago by Société Générale and Canadian investors. The company went into real estate by merger during the 1970's and into financial services with acquisition of Canada Permanent in 1982, in a battle with the Belzberg interests of Vancouver.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	15	59	Dubrovnik	C	13	55	Malta	F	14	57	Rhodes	S	17	63
Algiers	S	23	73	Edinburgh	F	3	37	Manchester	Sl	3	37	Rio de J'o	C	33	91
Amsterdam	R	10	50	Faro	C	16	61	Manila	—	—	—	Rome	C	13	55
Athens	S	15	59	Florence	—	—	—	Melbourne	C	18	64	Salzburg	F	11	52
Bahrain	S	27	81	Frankfurt	R	7	45	Mexico City	S	26	79	San Francisco	D	13	55
Bangkok	C	35	95	Funchal	F	16	61	Miami	C	13	55	Seoul	S	11	52
Barcelona	S	20	68	Geneva	R	9	48	Milan	C	7	45	Singapore	F	31	88
Beirut	C	17	63	Gibraltar	F	19	66	Montreal	F	-7	19	Stockholm	C	3	37
Belfast	C	4	39	Glasgow	S	5	41	Moscow	C	1	34	Strasbourg	R	11	52
Belgrade	F	12	54	Guernsey	C	7	45	Munich	C	6	43	Sydney	S	26	79
Berlin	C	7	45	Helsinki	C	1	34	Nairobi	F	27	81	Taipei	C	17	63
Biarritz	F	21	70	H. Kong	C	16	61	Naples	—	—	—	Tangier	C	18	64
Bombay	S	30	86	Innsbruck	F	11	52	Nassau	C	23	73	Tel Aviv	C	18	64
Bordeaux	R	14	57	Inverness	S	4	39	New Delhi	S	28	82	Tenerife	S	22	72
Brussels	C	9	48	Islamabad	C	21	70	New York	S	7	45	Tokyo	S	10	50
Budapest	C	9	48	Istanbul	S	9	48	Nice	F	14	57	Toronto	F	-5	23
B. Aires	R	26	79	Jakarta	R	32	90	Nicosia	F	20	68	Tunis	S	21	70
Cairo	F	20	68	Jersey	F	7	45	Oporto	R	13	55	Valencia	S	25	77
Cape Town	C	19	66	Jo'burg	S	23	73	Oslo	F	4	39	Venice	C	9	48
Caracas	C	27	81	[illegible]	S	25	77	Paris	R	13	55	Vienna	C	6	43
Casablanca	C	17	63	Lisbon	F	16	61	Peking	C	11	52	Warsaw	C	7	45
Chicago	F	-2	28	London	F	9	48	Prague	R	3	37	Washington	F	7	45
Cologne	F	7	45	Los Angeles	F	13	55	Reykjavik	F	-1	30	Zurich	C	10	50
Copenhagen	F	4	39	Luxembourg	R	9	48								
Corfu	F	15	59	Madrid	F	18	64								
Dallas	F	11	52	Majorca	S	17	63								
Dublin	F	2	36	Malaga	S	24	75								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Rothschild urges US airport sales

BY NANCY DUNNE IN WASHINGTON

N. M. ROTHSCHILD & Son, the UK merchant bank, will try to as*semble a group of investors to buy* Washington's National and Dulles airports if the Reagan Administration or Congress indicates *that of*fers from the private sector would be welcome.

In a statement read yesterday on Capitol Hill by a Rothschild representative, Mr Paul Feldman, the bank said it would help the US Government to raise money by selling landing rights to airlines. Mr Feldman said that private bidding *for* the two airports would start at $500m and could bring the Treasury $1bn.

Mr Feldman was accompanied by Senator Gordon Humphrey, a New Hampshire Republican, who urged Congress to step back and consider selling the airports for a fair market price. A bill currently before the Senate would shift control of the *two airports from the federal gov*ernment to a regional authority under the state of Virginia for $47m.

"The Senate *might* be acting too hastily in transferring the airports for an incredibly low, below-market price," Mr Humphrey said.

The transfer legislation has been delayed by a filibuster conducted by Senator Paul Sarbanes of Maryland. He says the sale is unfair to his state, which had to buy the competing *Baltimore-Washington* International airport from the city of Baltimore for $36m in 1972. An aide to Mr Sarbanes said the $47m price was fixed by the Administration as its *"hypothetical indebtedness"* by adding up all the past costs of the two airports and subtracting the *profits*.

Mr Feldman said he was not sure what Rothschild would need to go ahead with an effort to organise the airport purchase. The project had been conceived at a privatisation conference in Washington last month. It was attended by Mr John Redwood, once a consultant to the British Prime Minister's office. He is now with NMR's international privatisation operation.

The bank's statement *promised* that the airports "would be kept as airports"

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday March 25 1986

BSN buys stake in Générale Biscuit

By David Housego in Paris

BSN, France's largest food and beverage group, confirmed yesterday it had taken a minority stake, believed to be 13 per cent, in Générale Biscuit, France's leading biscuit manufacturer.

BSN made its move without consulting Générale Biscuit about purchasing the minority stake from the Athena financial group, which controls Populaire d'Assurances. The lack of prior warning caused disquiet at Générale Biscuit which has been the subject of takeover rumours.

BSN said yesterday it had acquired a holding in Générale Biscuit – believed to have cost it about FFr 380m ($55m) – as "a way of preventing any foreign intrusion into Générale Biscuit's capital."

It added that BSN was anxious to help Générale Biscuit develop in France and abroad in partnership with its shareholders and management.

Mr Claude-Noel Martin, chairman of Générale Biscuit who has been advocating tie-ups with European food groups, said he was "satisfied" with the statement.

BSN declined yesterday to name the foreign groups which it believed were seeking a stake in Générale Biscuit. Foreign interests are believed recently to have purchased a 10 per cent stake in BSN.

Paribas lifts bank profits

By David Marsh in Paris

BANQUE PARIBAS, the banking arm of the nationalised financial and industrial group, boosted net profits 53 per cent to FFr 302.5m ($43.8m) last year from FFr 198.1m in 1984. That was on a balance sheet that grew only 3.4 per cent from FFr 238bn to FFr 246bn.

Operating profits before tax, depreciation and provisions rose to FFr 3.3bn from FFr 2.81bn in 1984. However, net new provisions were raised to FFr 2.43bn from FFr 1.89bn, in what the bank said was a policy of prudence regarding risks in France and abroad.

Paribas aims to use evidence of increasing profitability of its banking operations since it was nationalised in 1982 as an important element in its strategy of bringing private investors back into the group's capital.

Zale to withdraw from Europe in restructuring

BY WILLIAM HALL IN NEW YORK

ZALE CORPORATION, the world's biggest fine jewellery retailer, plans to pull out of the European market and is considering a number of options including the sale and a public offering of shares in its chain of almost 200 jewellery stores in the UK, West Germany and Switzerland.

Mr Donald Zale, chairman of the Texas group, announced the planned withdrawal from Europe at the weekend as part of a big restructuring of the company following the rejection of an unwelcome $474m takeover bid from Peoples Jewellers, a Toronto company.

Mr Zale said the European operations were profitable. "However, our strategy of market concentration requires that these assets be redeployed in selected American markets."

In addition, Zale plans to dispose of two underperforming non-jewellery operations in the US – a chain of 90 airport newsstands and the O. G. Wilson catalogue showroom divisions.

Zale operates 110 jewellery stores in the UK, 66 in West Germany and 20 in Switzerland. In its last financial year, Zale's UK turnover totalled $33m and its West German turnover, which includes Switzerland, totalled $46m.

Mr Dolph Simon, a senior vice president of Zale, said yesterday his company had "made very good money in Europe" but the decision to dispose of the operations reflected the intention to refocus on the group's domestic operations.

No decisions had yet been made on how to effect the withdrawal from Europe. The company had thought of selling the UK operation to another company and perhaps spinning off its West German operation by way of a public offering. The company might retain a stake in any publicly offered company.

Zale entered the UK market about 15 years ago and its stores operate under a number of different names. Over the years the UK operation had done well but in the last couple of years the market had been "soft."

Zale refused to say how much it hoped to raise from its European disposals.

Zale, a family-controlled group under pressure to improve its financial returns, said it intended intensifying its focus on the domestic jewellery industry.

Mr Zale said: "Our strategy is based on the fact that we can achieve retailing profitability and acceptable returns on assets only through dominant market leadership."

The company will incur a one-time charge of $80m to $90m against net income for the year to end-March 1986 to cover the restructuring.

Metromedia sells radio stations

BY WILLIAM HALL IN NEW YORK

METROMEDIA, the US conglomerate headed by 70 year-old Mr John Kluge, is severing its ties with the broadcasting industry and has agreed to sell its nine radio stations for $285m to an investor group headed by local management.

The sale of the stations is believed to be the largest ever of a radio station group. It includes stations in six of the top 10 radio markets and covers an estimated 44m people.

Mr Kluge, who recently sold Metromedia's TV stations to Mr Rupert Murdoch, the Australian-born publishing magnate, for $2bn, said yesterday that it was "difficult to leave radio after more than 30 years, but we have decided to concentrate on Metromedia's substantial telecommunications businesses."

Mr Kluge owns more than 90 per cent of Metromedia's common stock and the latest sale, when combined with the recent disposal of the outdoor advertising operations, will mean that Metromedia's main businesses will be concentrated on cellular telephones, paging operations and long-distance telephone companies.

The nine radio stations are being sold to an investor group headed by the 45 year-old Mr Carl Brazell, President of Metromedia Radio, and Morgan Stanley.

The stations being sold include WNEW-AM and WNEW-FM in New York and KMET-FM in Los Angeles.

UK advertising groups to merge

BY CHARLES BATCHELOR IN LONDON

CHETWYND STREETS and Addison Page, two leading UK companies in the fields of financial public relations, advertising and executive recruitment, yesterday announced plans for a £45m ($66m) merger.

This deal would create one of the largest communications and consultancy groups in the UK, employing 560 people and with combined profits of £4.4m and turnover of £57.6m in 1985. The two groups claim 800 of the top 1,000 UK companies among their clients.

This represents the latest in a series of mergers and takeovers in the communications world aimed at creating more broadly based groups.

"We want to be a big and relevant player in the market place after Big Bang (the reorganisation of securities trading in London) in October," said Mr Stephen Smith, chairman of Addison Page.

The merger will take the form of an agreed bid from Chetwynd, which has a full stock market listing, for Addison, which has an Unlisted Securities Market quote. Chetwynd will offer nine of its own shares for every five Addison.

Chetwynd's shares rose 8p to 153p yesterday to value the offer at 275.4p per share, just under the market price of Addison which rose 30p to 280p.

Addison is itself the result of a merger 12 months ago of Addison, best known for its work designing annual reports and other documents, and its PR consultancy, Financial Strategy with Page, one of the largest executive recruitment specialists.

Addison Page yesterday announced a 56 per cent increase in pre-tax profits to £3.12m in 1985 on turnover which rose 55 per cent on a year before to £18.6m.

Swedish state to retain hold on brewer

By Kevin Done in Stockholm

THE SWEDISH Government has turned down an approach from Anheuser-Busch, the US brewery for a takeover of Pripps, the 75 per cent state-owned company, which controls more than 50 per cent of the Swedish beer market.

It has also turned down bids from Swedish *private* sector companies including Volvo, the automobile, energy and food group – which currently owns 25 per cent of Pripps – and Investment AB Beijer, the investment company, and has opted instead to sell the concern to Procordia, the state-owned holding company, despite outspoken opposition from the trades unions.

Procordia is to pay SKr 850m ($118m) for the Pripps parent company Gambrinus, which also includes a smaller brewery, Falken. It will be Procordia's *biggest acquisition since the* $137.8m takeover last year of Pinkerton, the US tobacco and snuff producer. The state will compulsorily purchase Volvo's 25 per cent stake.

Procordia was willing to pay the highest price among the Swedish bidders, and it is clear that the Swedish Social Democratic Government was unwilling to contemplate the sale of the country's dominant brewery to a foreign buyer.

The temperance movement is one of Sweden's strongest lobbying groups and the state maintains a virtual stranglehold on the production, importing, distribution and sale of wine, spirits and beer.

The initial purchase of a controlling 60 per cent stake in Pripps in 1975 was a further step to increase the state's role in the *one sector of alcohol production,* that had hitherto been dominated by the private sector.

Bad debts put Barclays Italy L52bn in red

BY ALAN FRIEDMAN IN MILAN

BARCLAYS BANK'S Italian operation last year incurred losses totalling *L52bn ($338.1m), a deficit* larger than the bank's L37bn nominal Italian capital base.

The loss, which is being covered by an injection of L53bn from Barclays' head office in London, can be broken down into L45bn of bad debts which are being treated as a loss (and which come largely from *the retail banking side) and L7bn* of trading losses.

The Barclays loss in Italy, which compares with a 1984 breakeven performance, is the worst performance among the 35 foreign banks operating in Italy, several of which are having difficulties.

Barclays' loss in Italy last year did not include any write-offs related to a disastrous and embarrassing involvement the bank had a few years ago with a machine tool leasing venture, the president of which was placed under investigation for fraud.

The ill-fated leasing venture re*sulted in L40bn of write-offs which* were struck in the years 1982, 1983 and 1984. Some L33bn of these *write-offs were taken by the* Barclays leasing division in Italy and the remaining L7bn by the bank.

Barclays said yesterday its L107bn Italian deposit base is small because it has only three branches. Similar to other foreign banks in Italy, Barclays is finding it difficult to make money when it must fund *its loans on the inter-bank market.*

Because the Italian banks have a predominant position in the loan market, foreign banks find that, to sign loan deals, they must sometime lend at rates below the cost of inter-bank funds.

Standard Chartered Bank has also been among the foreign banks most hit by losses in the past two or three years in the Italian market.

Barclays in Italy, which has L1,400bn of total assets, is hoping to generate profits in future from commission income such as the fees earned on the L200bn of funds it manages for high networth individuals.

Mr Richard Adams, deputy group general manager in Milan, said yes*terday: "We have a continuing* commitment to Italy and we are repositioning our business to the more upmarket corporate and financial services sector and away from retail banking."

● Banca Commerciale Italiana (BCI), Italy's second largest bank, yesterday announced an 11 per cent rise in its 1985 net profit to L101.3bn ($65m).

Meanwhile, Credito Italiano, Italy's third largest bank and, like BCI, controlled by the IRI state holding group, said its 1985 net profit was up by 6.5 per cent to L94.8bn.

BCI said its total deposits declined last year to L61,044bn from L62,370bn at the end of 1984. Credito Italiano said its total deposits were L3,123bn higher on 1984 at L50,081bn.

Credito Italiano's total loan book, in lira and other currencies, was *L41,463bn, up by 9.4* per cent.

GM to build new plant in Canada

BY BERNARD SIMON IN TORONTO

GENERAL MOTORS' Canadian subsidiary is to spend C$2bn (US$1.44bn) to expand its car and truck plant at Oshawa, east of Toronto, into one of the company's largest assembly facilities in the world.

The centrepiece of the new investment will be facilities for the assembly of GM's planned new medium size car, known as the GM10. The Oshawa plant is the third and largest site chosen by GM in North America for the GM10 project.

Mr George Peapples, *president* of GM Canada, said yesterday that, when commissioned in 1987, the Oshawa "GM Autoplex" as it is to be known, will produce 720,000 vehicles a year. The expansion will also include production of the GMT-400 truck.

The Oshawa complex will consist *of three adjacent assembly plants*, a new stamping plant and a network of nearby suppliers. GM has spent C$4.2bn on the Oshawa plant in the past five years.

Like other US motor manufacturers, GM has integrated its US and Canadian operation, with plants in each *country supplying* vehicles and components for the entire North American market.

Fiat to sell subsidiary

By Alan Friedman in Milan

FIAT, Italy's largest private sector group, is to sell majority control of its Aspera compressor manufacturing subsidiary to Whirlpool Corporation, the leading US home appliance company.

Fiat declined to say in Turin yesterday how much Whirlpool is paying for Aspera. It also declined to disclose the percentage of Aspera which it is selling, saying only "it is more than 51 per cent."

Aspera in 1985 had total sales of L250bn ($161m), against L242bn for 1984 according to Fiat.

Fiat said yesterday Aspera has a *workforce of 2,500 people, which* compares with a workforce of 3,256 people in 1984

INTERNATIONAL COMPANIES AND FINANCE

Sharp gain for Swiss chemicals group

By William Dullforce in Geneva

ROCHE, THE Swiss chemicals group, yesterday reported an 18.8 per cent climb in consolidated net earnings to SFr 451.6m ($238m) in 1985 on a group turnover of SFr 8.9bn, which was 8.1 per cent higher than in 1984.

Hoffmann-La Roche, the parent company in Basle, showed a net profit of SFr 80.3m, up by 69 per cent over the previous year. The board proposes to raise the shareholders' dividend by SFr 25 to SFr 625 a share or certificate entitled to dividends.

Group cash flow developed roughly in proportion to sales, increasing by 8.5 per cent to SFr 949.8m. The decline in the exchange rate of the dollar prompted a slowing of sales growth in the second half of 1985, but in local currency terms worldwide sales are estimated to have grown by around 12.5 per cent last year.

Some 40 per cent of group sales are realised in North America and more than 40 per cent derive from pharmaceuticals. Turnover in pharmaceuticals grew by 9.4 per cent last year.

In an earlier statement Hoffmann-La Roche said it expected a further improvement in group earnings in 1986 despite "unavoidable currency-related adjustments."

Salzgitter pulled back to profit by steel unit

BY RUPERT CORNWELL IN BONN

SALZGITTER, the state-owned West German steel, shipbuilding and manufacturing group, recovered strikingly last year, turning a DM 422m loss in 1983-84 into a profit of DM 51m for the 12 months to September 30 1985.

The performance means that Salzgitter, whose DM 425m capital is entirely owned by the federal government, has achieved its targeted return to profitability a year ahead of schedule. Mr Ernst Pieper, group chief executive, said yesterday that results for 1985-86 would be at least as good as those just reported.

The main contributor to the turnround was Peine-Salzgitter, Salzgitter's chief steel subsidiary, which made profits of DM 93m in 1984-85 after a deficit of DM 144m the year before. Peine's crude-steel output climbed 10 per cent to 3.9m tonnes, while total turnover of the steel division rose 14.2 per cent to DM 3bn.

However, Salzgitter also strengthened its performance by disposing during the previous year of big interests held by its shipbuilding unit Howaldtswerke-Deutsche Werft (HDW) as well as of controlling stake in its subsidiary Luitpoldhütte. In 1984-85 HDW broke even, and with orders in hand for 18 vessels worth DM 2.4bn, is expecting to do so again in the current year.

For the group as a whole, sales last year rose 3 per cent to DM 11.9bn, of which exports accounted for 38 per cent, compared with 40 per cent in 1983-84. For this year Salzgitter is expecting profits from its plant engineering business.

Enso lifts payout as earnings double

By Olli Virtanen in Helsinki

ENSO-GUTZEIT, Finland's largest forest products company, plans to raise its dividend from 8 per cent to 9.5 per cent for 1985. Turnover of Enso's parent company rose by just 3 per cent to FM 5.7bn ($1.1bn) during the year while net profit almost doubled to FM 95m.

Group turnover declined by 3 per cent to FM 6.67bn after a number of divestments.

The proposed rise in dividend reflects confidence in the future rather than good fortune in the past – last year was clearly worse than 1984 for Enso as it was for all forest industry companies. Much of the increase in profit stems from property sales and Enso's operating margin came down from 18.4 per cent of turnover in 1984 to 15.8 per cent last year.

Mr Pentti Salmi, Enso's president and chief executive officer, says that investments in higher grades of paper have now started to bear fruit.

Bekaert and BHP in joint venture

BY PAUL CHEESERIGHT IN BRUSSELS

BEKAERT, the Belgian steel wire products group with extensive international interests, is starting a A$40m (US$28m) joint venture with BHP Steel International, a subsidiary of Broken Hill Proprietary, at Geelong in Australia.

The joint venture will develop BHP's existing plant, adding truck tyre cord and steel reinforcing wire for hoses to current production of steel tyre cord for car radial tyres.

The move will make Bekaert and BHP jointly the main force on the Australian market for steel cord products, Bekaert said yesterday.

Investment will be spread over five years.

Although Bekaert has 45 plants around the world, it has so far had only a small presence, through imports, on the Australian market. Nearly 90 per cent of group output is sold in Europe.

Credit growth lifts Seibu

BY YOKO SHIBATA IN TOKYO

SEIBU CREDIT, Japan's second largest instalment payment retail store, lifted its pre-tax profits 29.4 per cent to Y1.46bn ($8.69) in the year to January.

Net profits rose 17 per cent to Y689m, on sales of Y72.47bn, down 5 per cent from the previous year. The company resumed a Y5 dividend, the first in nine years.

Seibu ascribed the earnings improvement to expanded consumer finance business.

For the year ending January 1987, Seibu Credit's pre-tax profits are expected to rise 13.2 per cent over the previous year to Y1.65bn on sales of Y73bn, up 0.7 per cent from the previous year. The company intends to maintain the annual dividend at Y5.

U.S. QUARTERLY RESULTS

DOME CANADA
Energy

Year	1985 C$	1984 C$
Revenue	211.9m	188.7m
Net profits	35.4m	32.4m
Net per share	0.40	0.37

GENCORP
Tyres, plastics, aerospace

First quarter	1985-86 $	1984-85 $
Revenue	614m	626m
Net profits	18.7m	1m
Net per share	0.84	0.04

MAY DEPARTMENT STORES
Retailing

Fourth quarter	1985 $	1984 $
Revenue	1.68bn	1.59bn
Net profits	119.9m	110m
Net per share	2.76	2.55
Year		
Revenue	5.08bn	4.66bn
Net profits	235.4m	214.1m
Net per share	5.38	4.86

PILLSBURY
Fast food

Third quarter	1985-86 $	1984-85 $
Revenue	1.40bn	1.17bn
Net profits	53.8m	39.5m
Net per share	1.23	0.91
Nine months		
Revenue	4.16bn	3.45bn
Net profits	151.5m	144.5m
Net per share	3.47	3.33

INTERNATIONAL COMPANIES and FINANCE

Bell drops bid in new BHP ploy

BY LACHLAN DRUMMOND IN SYDNEY

BELL RESOURCES, Mr Robert Holmes à Court's energy investment vehicle, has decided not to proceed with its current partial offer for Broken Hill Proprietary — a technical retreat which is expected to be followed by almost immediate registration of a new bid.

The current Bell offer document, served on BHP on February 17, failed to reach shareholders because of court injunctions won by BHP as it sought to prove the documents were illegal.

It is expected that, now Bell has established the grounds for BHP's objections to its previous offer, it will move quickly to register another offer which will vary many of the non-financial terms. It is expected to exclude the so-called multiplier effect where an infinite chain of acceptances and market sales could be established. It could also contain no maximum acceptance condition and fewer of the more onerous conditions carried in the earlier offer.

Such a move would narrow the grounds for legal objections by BHP and increase the prospects of an offer actually reaching shareholders.

It is also thought likely the bid price may be lowered from the A$7.70 a share Bell originally intended offering for 50 per cent of each shareholding.

Market observers see the withdrawal and the prospects of a new offer as also providing a breathing space in which BHP could seek to orchestrate a buyout of the Bell shareholding.

Meanwhile, the fate of BHP's court action against the Bell offer will be determined this morning. Despite the withdrawal of the offer, counsel for BHP has said the company wants to proceed to seek orders and injunctions on aspects of the offer document.

Bell clearly believed withdrawal of the bid would end the action. Indeed, the withdrawal came on the eve of the court's subpoena documentation on the group's financing arrangements with Standard Chartered Bank, a step Bell had strenuously sought to prevent and which the withdrawal is designed to avoid.

Mr Holmes à Court restricted his press comment to a single radio interview yesterday in which he reaffirmed that Bell Resources' objective remained the same despite the decision not to proceed.

He said he would have to await future events before deciding his next action, but noted that he was entitled under the take over code to make another bid and to bid as often as he wished.

Mr Holmes à Court did not think the decision to proceed with the offer meant Bell would be selling out its BHP shareholding. "I don't think there is any prospect at all of us giving up."

Meanwhile, BHP yesterday mounted a legal challenge to prevent Bell Resources reconvening a shareholder meeting called to vote on a placement to Bell Group, the energy company's controlling shareholder. The meeting was adjourned last week after BHP bought an 18 per cent shareholding in Bell Resources, enough to defeat the proposal. BHP alleges a number of breaches of takeover and securities law.

More losses for Kirsh Trading

By Jim Jones in Johannesburg

KIRSH TRADING, the troubled South African retail group, continued to suffer losses in the half year to December even though sales improved substantially.

Interim operating profit before interest and tax payments fell to R7.1m ($3.4m) from R41.2m, although turnover increased to R1.64bn from R1.47bn.

An increase in finance charges led to an interim pre-tax loss of R26.7m.

Mr Marinus Daling, the new chairman, is pessimistic on immediate prospects for the group. Executive morale, he says, was affected by what he describes as a "cash crunch" which caused borrowings to peak during the first half at a time of extremely high interest rates.

A loss of 61.4 cents a share has been suffered against earnings of 5.6 cents and an interim dividend has not been declared. In the last financial year the loss totalled 66.7 cents a share. An interim dividend of 5 cents was declared in the last financial but the final was passed.

Kirsh Trading is controlled by Sanlam, South Africa's second largest insurance group, which underwrote Kirsh's recent rights issue.

German group joins funding of MIM venture

By Kenneth Marston, Mining Editor

METALLGESELLSCHAFT of West Germany has joined Australia's MIM Holdings in funding the further exploration of the MIM copper prospect at Balcooma in northern Queensland.

Under the terms of the farm-in deal, Metallgesellschaft can earn a 35 per cent interest in Balcooma within two years with the option of increasing the stake to 50 per cent at the end of the third year of the planned exploration programme.

The companies now say that a new zone of hitherto concealed mineralisation with some precious metal values has been found 3 km away. Work is being concentrated in this new area.

Jardine Matheson

Because of a misplaced line, 1985 net losses of Jardine Matheson of Hong Kong were wrongly stated in the Financial Times of March 22. After tax, minorities and extraordinary items, the deficit was HK$269m (US$34.4m), improved from losses of HK$793m the previous year.

The extraordinary loss for 1984 was HK$873m. This was reduced last year to HK$426m. We regret the errors.

Tussle over Chinese Estates

BY DAVID DODWELL IN HONG KONG

SUN HUNG KAI International, the Hong Kong-based finance and investment group, has joined forces with family interests linked with Li Fook-Shu and Li Fook-Hing to make a controversial bid for Chinese Estates, a property group, valued by the offer at HK$317m (US$40.6m).

The bid for what is regarded as a small and generally unnoticed property company follows a surprise "palace coup" mounted by Mr Bill Wyllie, the Australian entrepreneur, who last week acquired just under 35 per cent of the company, paying about HK$100m, or HK$15 a share. He has not made a general offer for the company.

After acquiring the stake—acting in concert with Sir Kenneth Fung Ping-Fan, the existing chairman of Chinese Estates—Mr Wyllie mounted a major board reshuffle, removing all Li family members from the board.

Mr Wyllie, who has been an active corporate player in recent years in Hong Kong, is understood to have funded his acquisition following the sale last week of his controlling interest in Paliburg, the property group, for about HK$216m.

Chinese Estates' only major asset is a prime property in Hong Kong's central business district, which has an estimated value of more than HK$350m.

Sun Hung Kai and the Li family, acting through a shell company called Bassina, yesterday revealed that they control 32.3 per cent of the shares in Chinese Estates, and offered HK$16m apiece for all outstanding shares. At the very least, the bid seems intended to force Mr Wyllie to make a general offer for the company.

MUI increases dividend despite sharp profits fall

BY WONG SULONG IN KUALA LUMPUR

MALAYAN UNITED Industries (MUI), the diversified Malaysian group controlled by Datuk Khoo Kay Peng, suffered a sharp fall in profits last year but is lifting its dividend to mark its 25th anniversary.

MUI said pre-tax profits fell 23 per cent to 70.1m ringgit ($27.6m) while profit after tax and extraordinary items fell 60 per cent to 18.9m ringgit on a turnover up more than a third to 416m ringgit.

The results were a disappointment as directors and analysts had earlier forecast pre-tax profits exceeding 100m ringgit.

Nevertheless, MUI is paying a final dividend of 14 cents, making a total of 22 cents for the year (taking up 75m ringgit), compared with 15 cents (taking 51m ringgit).

MUI's finance division had a satisfactory year and contributed to the bulk of the profits.

However, the hotel division—which operates four hotels in Malaysia, Singapore and Canada—incurred losses as reflected by Ming Court Hotel, its Singapore listed subsidiary, which reported a net loss of S$316,000 (US$146,160) compared with profits of S$2.8m.

● The weakening ringgit and a scheduled refinery shutdown adversely affected after-tax profits of Esso Malaysia, which slipped by 10m ringgit to 48.7m ringgit last year.

Esso Malaysia is paying a final dividend of 20 cents, making an unchanged 30 cents for the year. The company is 65 per cent owned by Exxon, through Esso Eastern of New York.

● Hit by falling prices in all of its major commodity crops, after-tax group profit at Highlands and Lowlands fell 22.4 per cent to 18.5m ringgit in the six months to December, AP-DJ adds.

Full-year earnings at the plantation group fell 19.1 per cent to 36m ringgit.

A final dividend of 8.75 cents a share brought Highlands' full-year payout to 15 cents a share, down from 22.5 cents.

Kubota to cut payment and salaries

By Our Financial Staff

KUBOTA, THE Japanese farm machinery maker, is to cut its dividend for the first time in more than 21 years, because of heavy foreign exchange losses resulting from the appreciation of the yen.

The final dividend for the current year to April is to be Y3.75. Management pay is also to be cut, and capital spending for the following year reduced by 20 per cent.

Kubota earlier this month reported third quarter group net profits more than halved to Y1.47bn ($8.4m) from Y3.90m. The company yesterday forecast full-year pre-tax profits down 28 per cent for the parent alone to Y19bn, on flat sales.

● Mitsui Engineering and Shipbuilding is to omit entirely its dividend for the financial year which ends this month — for the first omission since its Tokyo Stock Exchange listing in 1950. This follows similar announcements by other leaders in the troubled shipbuilding sector.

Olli Virtanen on the link between Otis of the US and Valmet

Ups and downs of a Finnish takeover

AT FIRST sight the proposed joint venture between Valmet, Finland's state-owned metal and engineering group, and Otis of the US, the world's biggest lift manufacturer, seemed like any other deal. But it soon developed into a politically controversial affair—and one that had several similarities with the Westland crisis.

Here, too, was an attractive American company (part of the United Technologies Corporation) bidding for a Finnish company. But some politicians soon began to favour a more local partner—Kone. And as with the Westland case, management favoured the American bidder for better long term prospects.

In pure business terms the seller didn't really have any choice but the American partner. The affair rapidly turned into a hot potato on the government level, but after weeks of meetings, offers and threats the Americans finally won.

Valmet's board had a clear vision from the start. They wanted to expand production of lifts which they make under licence from Schindler, the Swiss lift maker which ranks number two in the world behind Otis. But Schindler would not allow Valmet to sell their lifts outside Finland. Thus the Finnish company turned to Otis.

Otis was only too happy to make friends with the Finns. After all, the group has a strong market presence all over the world, operating in 130 countries, but not in Scandinavia. Joining forces with Valmet would give them an ideal stepping stone for the Nordic market.

Otis' big obstacle in Scandinavia has been Kone, which ranks third on the world lifts table. Kone regards all of Scandinavia as its home market. So far Otis has been unable to win a significant market share in any of the five Nordic countries. Kone claims an average market share of over 50 per cent in Scandinavia including 60 per cent in Finland and about the same in Sweden.

Valmet and Otis signed a letter of intent of a proposed joint venture in October. According to this Otis would own 70 per cent and Valmet 30 per cent of the Finnish group's lift plant which has a turnover of FM 90m ($17m). The Valmet plant produces about 280 lifts a year, which is roughly 30 per cent of the Finnish market.

When the deal became public in January this year, Kone demanded a fair opportunity to make an offer of their own to Valmet. The directors of Valmet refused to negotiate. In fact there was no contact between the two Finnish companies during the whole process. Mr Matti Kankaanpaa, Valmet's chief executive, had signed a clause with Otis which banned liaison talks with other lift makers.

As a result, Kone contacted directly the shareholders of Valmet. The Ministry of Trade and Industry, which is in charge of practically all state-owned industrial enterprises, took the point and demanded that Kone be allowed to make a bid. This they promptly did.

The Scandinavian lift business looks set for a period of intense competition—possibly in a price war—now that Valmet has the backing of the sort of financial muscle that a US multinational can bring into the trading ring. Valmet Otis seeks a 30 per cent market share in every Nordic country

After postponing the decision, asking for a statement from the Commission for Foreign Investments and considering two more offers from Kone, Valmet's supervisory board—which is politically appointed—failed to take the final decision. That was passed on to Valmet's board of directors, the same body that refused to talk to Kone in the first place.

Eventually Otis got its 70 per cent share of Valmet, and paid an unconfirmed $20m—and officials have began to pick up the pieces.

Mr Ian Reynolds, vice-president of Otis Elevators, says that the new company—Valmet Otis—will seek a 30 per cent market share in all Nordic countries. In Finland they already have Valmet's present 30 per cent market share, providing they can keep it. But in Sweden Otis has 3 per cent. The same applies to Norway and Denmark.

Otis does have a strong service and maintenance network in Sweden, thanks to acquisitions, but the market for new lifts, about 2,500 a year, is the primary target. Otis delivers lifts for the Nordic market from its factories in Britain, France and Italy. These will be gradually replaced by lifts made at the Finnish plant. An eventual 30 per cent market share in all Nordic countries would mean Otis Valmet producing about 1,400 new lifts a year. Network maintenance and service would add further to turnover.

In recent years Kone has made a number of acquisitions. Last year it bought lift manufacturing companies in Italy, Germany and Canada. The failure to add a Finnish company to that list is not only an embarrassment but also a potential first step to erosion of strong Scandinavian market share.

Both Otis and Kone now expect price competition to increase. Kone says it is "not opposed to an idea of selling lifts at a loss if situation demands it." Otis counters this by saying that the new company will take a 30 per cent share in Finland and a similar one in other Nordic countries "at any price."

Finland's state-owned companies enjoy a great deal of independence. Some five years ago guidelines were introduced requiring state firms to operate on the same profit-orientated principles as private sector companies, reversing a situation where the Finnish state was seen as a provider of jobs at all costs.

Valmet suffered massive losses in the early 1980s due to politically orientated top leadership. The new professional management under Mr Kankaanpää has turned the company into black. Last year Valmet produced a FM 300m profit on turnover of about FM 6bn. Kone had sales last year of FM 5bn.

Big Five Swiss banks set for another good year

BY JOHN WICKS IN ZURICH

SWITZERLAND'S Big Five banks increased their combined net earnings by more than 20 per cent last year. Officials for the banks, traditionally cautious, are already predicting a successful year—perhaps even more successful than 1985.

Last year's growth reflects an improvement in all main activities. The most significant upswing continues to be in the non-credit sector, the strong stock markets in particular contributing to what a Swiss Bank Corporation analysis shows as a 20 per cent rise in Big Five commission income.

At the same time, livelier currency business led to a growth in earnings from the banks' foreign exchange and precious metal trading which rose by more than 17 per cent. Earnings from securities developed quite differently from bank to bank—actually dropping by almost 15 per cent in the case of SBC itself—and showed only a slight combined growth rate of under 5 per cent.

The increased importance of financial services and fee income means that balance-sheet totals are less and less a guide to banking property. According to Swiss National Bank figures total published assets grew by only some 4.6 per cent in the first 10 months of 1985 to SFr 740bn ($391bn; since then there has been a continued deceleration due to the drop in the dollar.

Today the Big Five are rapidly building up their asset-management operations. Retail banking remains extremely important but the real growth is elsewhere.

This year shareholders are benefiting from the generally excellent 1985 results with dividend increases. Union Bank of Switzerland has already dropped a broad hint that it will come up with a present next year to mark its 125th anniversary.

There is no lack of rights issues. In 1985, banks issued shares with a nominal value of SFr 1.2bn or double the previous year's level. Also, nearly 40 per cent of all bank bond issues in 1985 were accounted for by equity-linked securities. This is continuing into 1986.

Of the Big Five, four—SBC, Crédit Suisse, Swiss Volksbank and Bank Leu—have announced rights issues in the past few weeks, as well as such other banks as Dow Banking and Banca del Gottardo. One of the most interesting smaller banks, the privately owned Vontobel, recently disclosed plans for a public share issue.

Despite optimistic forecasts, it is impossible to say how the banks will fare in 1986. They may not get such a boost from the stock market as last year, and what might happen on currency markets is anybody's guess. For the present, though, unpleasant surprises would be surprising indeed.

Swiss bankers are barely seriously threatened by the international debt crisis. Risks in problem countries make up a relatively small share of their total commitments. In addition to this, they have vast capital resources—both published and hidden—to which they are constantly adding.

HOW THE BIG BANKS COMPARE

	Balance Sheet Total (SFr bn)		Net Profits (SFr m)	
	1985	1984	1985	1984
Union Bank	139.4	131	692	583
Swiss Bank	127.9	119	603	503
Credit Suisse	88.7	84	507	417
Volksbank	25.6	22.5	101	75
Bank Leu	12.9	11.6	46	39

NOTICE OF EARLY REDEMPTION

SPAREKASSEN SDS

US$ 30,000,000

FLOATING RATE CAPITAL NOTES 1991

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(B) of the Notes, The Bank will redeem all of the Notes at their principal amount on the next interest payment date 24th April 1986.

Repayment of the principal will be made upon presentation and surrender of the Notes, with all unmatured coupons attached, at the offices of any one of the Paying Agents mentioned thereon.

Coupon No. 4 which matures on 24th April 1986 should be detached and presented for payment in the normal manner.

Bankers Trust Company, London — Agent Bank

25th March, 1986

BARCLAYS BANK PLC

U.S. $750,000,000

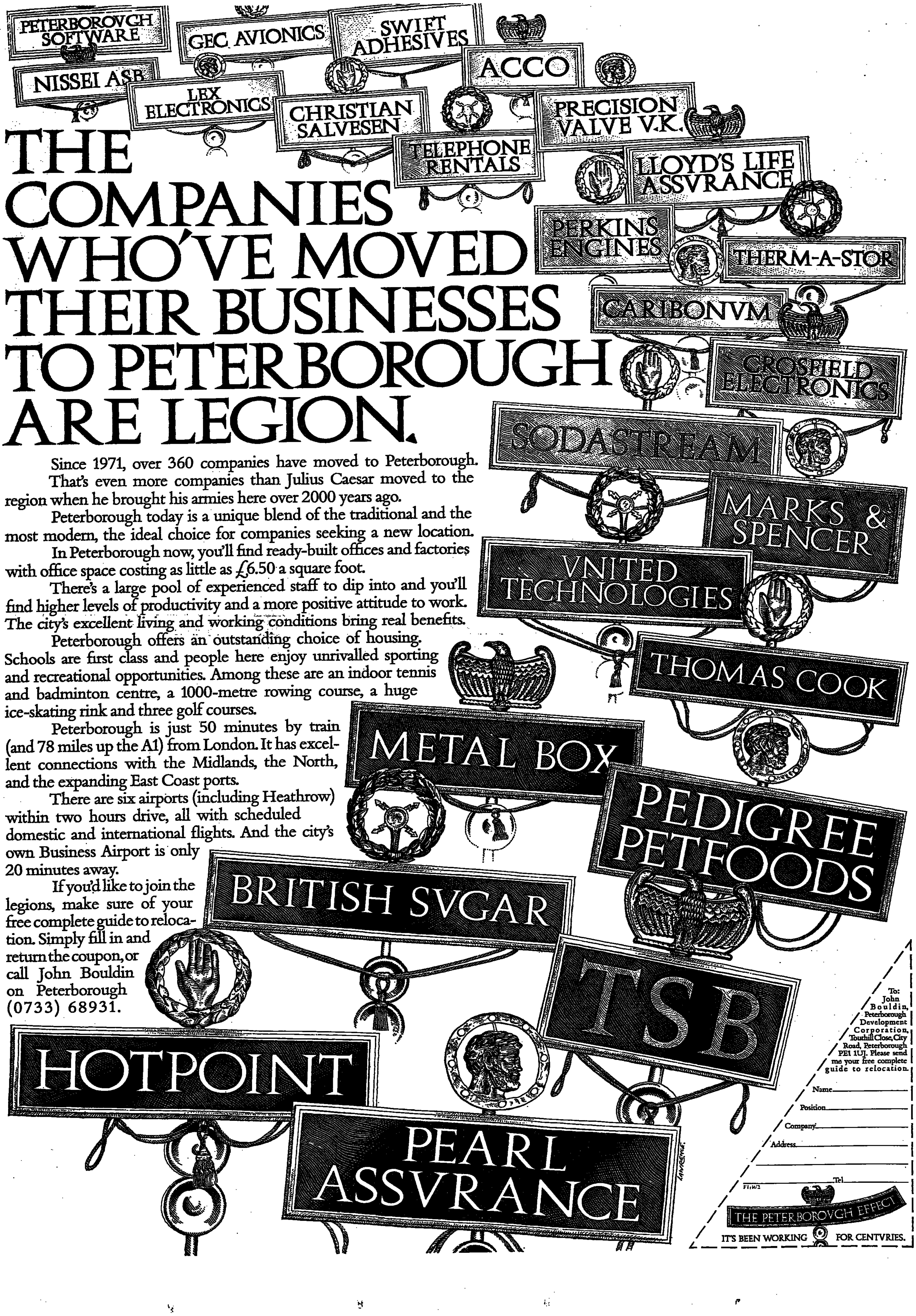
Undated Floating Rate Primary Capital Notes Series 2 ("the Notes")

In accordance with the First Supplemental Trust Deed dated 14th February, 1986 ("the Trust Deed") made between Barclays Bank PLC ("the Bank") and Phoenix Assurance Public Limited Company, constituting the Notes, the Bank hereby gives notice that 9th June, 1986 has been determined as the Exchange Date as defined in Clause 5(B) of the Trust Deed.

Persons entitled to delivery of any of the Notes are accordingly advised to obtain from the specified office of any of the Paying Agents, the office of CEDEL S.A. in Luxembourg or the office of Morgan Guaranty Trust Company of New York as operator of the Euro-clear System ("Euro-clear") in Brussels, the form(s) of the relevant certificate(s) to be completed, stating that such Notes are beneficially owned by persons (a) who are not (i) U.S. persons (as defined in the Trust Deed) or (ii) persons who have purchased them for reoffer or resale to any U.S. person or (b) who are U.S. bank branches (as defined in the Trust Deed). Completed certificates should be delivered to the office of CEDEL S.A. in Luxembourg or to the office of Euro-clear in Brussels prior to, on or after the Exchange Date. Definitive Notes with Coupons will be available on or after the Exchange Date in exchange for relevant certificates.

BARCLAYS BANK PLC

25th March, 1986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TELEPHONE RENTALS
LLOYD'S LIFE ASSVRANCE
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IT'S BEEN WORKING FOR CENTVRIES.

Hanson introduces longest-ever Eurosterling bond

BY CLARE PEARSON

HANSON TRUST, the diversified British industrial holding company, launched the longest-ever Eurosterling bond yesterday. The 20-year £100m issue follows last week's 17-year issues for MEPC and Imperial Chemical Industries (ICI) and, like the second of these, carries only a negative pledge as security.

Mr John Pattison, a director of Hanson Trust, said that the proceeds would be used to refinance existing short-term variable rate debt. The company had not intended to arrange a long-dated issue in the domestic market before the window for long-dated sterling Eurobonds opened.

Lead-manager was Salomon Brothers International with Credit Suisse First Boston, which has arranged Hanson Trust's previous equity-related Eurobonds. J. Henry Schroder Wagg, N. M. Rothschild, and S. G. Warburg are co-lead managers.

The issue has a coupon of 10 per cent and a 100½ per cent price. After taking fees into account, it was launched yielding about 85 basis points over the 13½ per cent Treasury Stock 2004-08, the normal long-dated reference gilt.

After a downturn in prices at the long end of the gilt market following the adjournment of the Opec meeting yesterday morning, and as buying in the Eurosterling market subsided from last week's strength, some bankers were doubtful about the depth of demand for the Hanson issue.

Nevertheless, the bond was bid at less 1½, within fees of 2½ per cent. About two-thirds of the demand for it was believed to come from UK institutions.

Last week's issues for MEPC and ICI continue to trade at or above issue price.

Alexander Nicoll on traders' reaction to the Budget proposal for US trading of UK shares

Share tax plan seen as threat to London's volume

LONDON'S international capital market practitioners, already worried about their place in the new regulatory scheme of things, have been thrown into despondency by Britain's plan to tax US trading of UK shares.

Until the 5 per cent charge on conversion of shares into American Depositary Receipts was announced a week ago in the Budget, they had been sensing progress in their efforts to ensure that they would not be handicapped as Britain sets up a new regulatory structure for London securities markets.

Equity traders say the tax betrays a lack of comprehension of international securities markets. Though it appears to protect the London Stock Exchange by taxing trade that takes place outside it, they say it would actually reduce London volume because opportunities for arbitrage between the London and New York markets would be lost.

The ADR issue will thus be added to the long list of the concerns of the International Securities Regulatory Organisation (ISRO), the body set up by practitioners to handle Britain's new regulatory demands. Its role so far has been to articulate the worries of the Euromarkets about the framework to be created by the passage of the Financial Services Bill now before Parliament. The Bill's committee stage is due to end this week.

ISRO's fear is that London's competitiveness could be eroded by the imposition of rules designed to protect the small investor, rather than professional market participants who are expected to be sophisticated enough to look after themselves.

The progress which international market practitioners have sensed was based on assurances given by Department of Trade and Industry officials that the Government was alive to their concerns, and had no intention of hampering London's competitiveness.

The officials appear ready to make technical alterations so that the Eurobond and other markets are not unintentionally limited. They remain unconvinced, however, about the validity of certain key ISRO complaints.

ISRO has been campaigning for a definition of the description "professional" to be included in the Bill, rather than in the conduct of business rules recently drafted by the Securities and Investments Board, the umbrella regulatory body to which the Government will delegate many powers. The SIB rules put less onerous requirements on securities houses' dealings with corporate treasurers and investment managers than on their handling of the proverbial Aunt Agatha.

'The tax betrays a lack of comprehension of international securities markets. Though it appears to protect the London Stock Exchange it would reduce volume because opportunities for arbitrage between London and New York would be lost'

ISRO wants a definition set in statute so that it could not be easily altered at a stroke by a simple change in SIB rules. A professional, it suggests, should be defined simply as someone who is "sufficiently expert," and dealing in large denominations —for example, investments offered only in amounts of $50,000 or the equivalent. Wealthy individuals who invest in the Eurobond market should thus not be treated in the same way as the small investor with a few shares.

ISRO's rationale owes something to the fact that the body includes leading US houses used to a litigious environment in which rules are spelled out in detail in law. The UK Bill, by contrast, is chiefly enabling legislation designed to leave precise rules up to the markets themselves. It also has to be rushed through to meet as nearly as possible the timescale set by October's Big Bang reform of London securities markets.

UK officials acknowledge the risk that a definition only in SIB rules could be changed. There is a much greater risk, they argue, that a definition put in the Bill would not stand the test of time but could not so easily be altered. They see a conflict between ISRO's desires for flexibility and for a definition set in stone. The issue is not yet closed, however, and will be discussed by the Government during April.

A separate concern has been that stabilisation of market prices of new securities issues would become a criminal offence, as it is in the domestic stock market. The Bill exempts international securities from this stricture, but leaves it unclear whether warrants and other instruments would be excluded.

The outcome of talks between the DTI and ISRO is that the exemption will apply to instruments which have their origin in the international bond markets. But the government will apparently need a good deal of convincing that international issues of equities should also be exempt.

Officials have asked ISRO to come up with specific examples of share issues where price stabilisation has been shown to be beneficial. Since many blue chip British shares are viewed as international equities, an exemption could mean syndicate managers were allowed to stabilise the price of ICI, yet could go to gaol for doing the same with a lesser British stock.

The question threatens the practice, which has been growing rapidly recently, of using the Eurobond syndication system to market equity issues.

A third topic on which views appear far apart is indemnity. ISRO and other self-regulatory bodies believe they should be immune, as the SIB will be, from some types of legal action. They do not want complete insulation from negligence suits. But they feel members of security relating organisations governing body could be personally at risk to the extent that they would be better advised not to help run the organisation. It is also unclear whether such an organisation could or should be immune from suits brought by its own members.

After a recent meeting on this question between ISRO and other security regulating bodies including the Stock Exchange, legal advice is being sought jointly on exactly what indemnity should be sought. The bodies are considering making a joint approach to the Government shortly after Easter.

There are many other practical issues still to be fully aired, such as the relationships between the organisations regulating the same markets, and the regulatory treatment of many thousands of foreigners who use the London markets from time to time but do not have a permanent UK presence. Most will be debated as the SIB's rules take further shape over the coming months.

FFr 400m offering by Trusthouse Forte

BY OUR EUROMARKETS STAFF

TRUSTHOUSE FORTE (THF), the UK hotels and catering group, yesterday launched the first French franc Eurobond since parliamentary elections brought a conservative government to power under President Mitterrand.

The FFr 400m issue was the third Eurobond issue in March, following those for Rhone Poulenc and Swedish Export Credit, and was allowed although the new issues calendar initially authorised only two issues for the month.

French bankers said the authorities had permitted the extension of the calendar in the face of the strong market that had developed since the elections and the allaying of fears about a devaluation of the currency. THF was chosen because the authorities were keen to include a foreign private sector company.

THF is expected to use the proceeds to refinance some of the floating rate Euro-franc loans by which the company has until now financed assets in France including such Parisian hotels such as the Plaza Athenee.

The bond, which matures in 1991 pays a coupon of 8⅞ per cent and is priced at 99¾. It was quoted within the fees at 99¼ bid.

The Eurodollar bond market remains quiet, with recent issues moving slowly. In the secondary market prices rose by about ⅛ per cent on light volume.

Deutsche Bank Capital Markets launched an issue for Chevron, the US oil company. The $300m issue pays interest at 8¼ per cent and was priced at 100½ per cent to give a yield at issue, inclusive of fees, of around 60 basis points over comparable US Treasury notes.

It can be called at the borrower's option in year seven at 101½, and thereafter at declining premiums. The lead-manager quoted a bid price of less 2 points, the level of its total fees, although it was quoted elsewhere outside this level.

Restaurant Seibu, the Japanese catering and restaurant group, brought a $50m five-year bond with equity warrants. The bond is priced at par with an indicated 4 per cent coupon. The exercise premium on the warrants is expected to be 2½ per cent.

Lead-manager Nippon Kangyo Kakumaru reported good demand for the bond and noted that the borrower's earnings are not export-related. It was quoted at 111 bid against a par issue price.

Nomura International brought three Yen-denominated issues. The US Federal Home Loan Banks issued a Y25bn 7⅛ per cent bond due in 1996, priced at 101⅛ per cent. The redemption amount will be linked to the yen/dollar exchange rate: If this is 164.5, redemption will be at par. The bond is in registered form only.

Electricite de France, the French state agency, issued a Y20bn bond with a five-year life and 5⅞ per cent coupon, and an issue price of 101½. Dealers said it was well received by a market that has been looking for a state-backed issue.

Coca Cola launched a Y30bn 10-year 5⅞ per cent bond, priced at 101 per cent, and terms were considered tight.

In the Ecu sector, Credit Commercial de France arranged a secondary offering of up to Ecu 30m of Union Bank of Norway bonds, created through exercise of warrants on a dollar issue launched last November. The new five-year bond pays 8½ per cent coupon and is priced at 102.

In the Swiss franc sector, secondary prices moved slightly weaker. The two-tranche issue for Nippon Telegraph and Telephone traded for the first time, and both tranches closed at 99½ per cent.

In West Germany, secondary trading of Eurobonds continued lacklustre, and prices were unchanged on the day.

Sharp rise in foreign issues by Japan banks

By Yoko Shibata

JAPANESE BANKS have, in catering for brisk overseas lending business, expanded sharply overseas fund raising with foreign bond issues through their overseas units.

Japan's city and other banks' foreign bond issues are projected to increase 40 per cent to $4.7bn, or Y1,000bn in fiscal 1985 to the end of this month. For 1986-87 their overseas fund raising is expected to be another record, reflecting the Finance Ministry's planned relaxation of the issuing rules on their foreign bonds.

The banks' sources of fund raising have also diversified with the popularity of interest and foreign exchange swaps. Their issues of Euro-dollar bonds have been particularly large, estimated to reach $3.5bn ($3bn) for 1984-85. This was because Japanese banks' overseas units are only allowed to remit proceeds from bond issues to their parent banks in Japan in dollars.

Meanwhile, D-Mark bonds and sterling bonds are projected to reach DM 850m and £100m from nil in the previous year. Swiss franc bonds have trebled to reach SFr 540m and Ecu and Canadian dollar issues have also increased.

In the Euromarket where low floating rates are widely obtainable, the issuing formula has been "on-lending" which enables lending of proceeds through banks' overseas units, direct to borrowers.

The banks have also expanded issues of bonds offering currency swaps reflecting a rapid expansion of the Euroyen bond issues by foreign corporations.

During the year, Japanese city and regional banks were, for the first time, allowed to raise long-term debt capital through foreign currency convertible bonds overseas. This development was cited for the rapid increase of foreign bonds by underwriting houses. Previously city banks had been prohibited from raising long-term funds through overseas capital markets, apart from foreign bonds issued by their overseas subsidiaries. This was due to the rigid separation of long-term and short-term banking which had traditionally allowed only long-term credit banks to raise long-term debt capital.

Accordingly, the six major city banks during the year raised $620m through Eurodollar convertible bonds and SFr 420m convertible bonds.

For 1986-87 Japan's top ranked regional banks are planning to raise funds through Euro-dollar convertible bonds with the administrative guidance of the MoF.

In addition, the ministry is considering to ease regulations on bond issues by overseas offshoots of city banks so as to broaden the scope of their channels for raising foreign currency funds.

The deregulation plan calls for:

- Non-financial companies to be allowed to issue bonds.
- The ceiling on issues, currently equivalent to a subsidiary's total assets, to be abolished.

Indesit in talks on rescue plan

By Our Financial Staff

ITALY'S troubled Indesit white goods group is holding a second round of talks with several potential rescuers, the company's court-appointed administrator Mr Giacomo Zunino said over the weekend. Indesit is "trying to find a new owner that would assure the restructuring" of the company, Italy's second largest home-appliance producer, he said.

More construction bonds in prospect

JAPAN's Prime Minister, Mr Yasuhiro Nakasone, hinted yesterday at the possibility of increasing the issue of construction bonds if need be. However, he reaffirmed the Government's aim to cease issuing deficit-covering bonds by fiscal 1990, Kyodo reports.

Mr Nakasone said that the Government has "a free hand" regarding construction bonds, although he did not want to say definitely it would be all right to issue more construction bonds.

Construction bonds are issued mainly for financing public works. They are distinguished from deficit-covering bonds which are designed to make up for revenue shortfalls.

The prime minister's remark was taken here as a hint at the possibility of a virtual departure from the avowed policy of curbing the issue of national bonds, be they construction or deficit-covering bonds.

Mr Nakasone reportedly told a cabinet meeting on March 14 that the Government will not be able to resort to fiscal spending as a means of stimulating the economy at least in the next five years.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on March 24

US DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

[illegible]

The prices over the past week were supplied by: [illegible]

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International Leisure £28m rights

BY DAVID GOODHART

International Leisure Group, owners of the UK's second largest tour operators, Intasun, yesterday announced its first ever rights issue from which it hopes to raise £28.25m.

Mr Harry Goodman, the ILG chairman, also announced that despite the difficult year for the tour operating business he is forecasting a pre-tax profit of £23.3m to the end of March. Last year the company made £11.8m on turnover of £241m.

He said: "Our diversification into a more broadly based leisure business is progressing well. The recent major investments in London hotels totalling £50m and in our overseas hotels, our acquisition of Global and our entry into the German tour operating market complement well our existing tour operating and airline businesses."

However the total indebtedness of the group at February 28 was about £94m giving a 110 per cent gearing. The rights issue should reduce gearing to about 65 per cent. "It will strengthen ILG's balance sheet enhancing the group's position in its present markets and enabling it to take advantage of opportunities with the confidence that the enlarged capital base will provide," said Mr Goodman.

The rights issue is taking the form of 29.5m new 7.75 per cent convertible cumulative redeemable preference shares of £1 payable on the basis of four convertible for every seven ordinary. The new shares are convertible between September 1988 and 1995 and full conversion would leave 22.6m new ordinary shares about 30.5 per cent of the enlarged share capital.

About 40 per cent of the issue, which has been underwritten by Kleinwort Benson, has already been placed with institutional investors. That figure comes from the 30.3 per cent of the capital owned by the directors and another 10 per cent owned by Iberotravel who have renounced their entitlements. The rights issue will be made at a discount of about 10 per cent. An EGM will formally approve the issue on April 16.

Mr Goodman, reviewing the tour prospects for this summer, said bookings were buoyant at 1.1m against 530,000 at this stage last year "and we are expecting a significantly lower level of discounting."

Following the disposal of six Boeing 737-200 aircraft which realised a £28.3m profit, the Air Europe fleet is being re-equipped with four Boeing 737-300 aircraft due for delivery in spring 1987. A substantial part of the estimated 100m dollar purchase price for the aircraft will be financed on a secured basis.

In the light of current trading and prospects, net dividends are expected to be increased to 5p, against 4.5p last year. ILG's share price fell 8p to close at 125p.

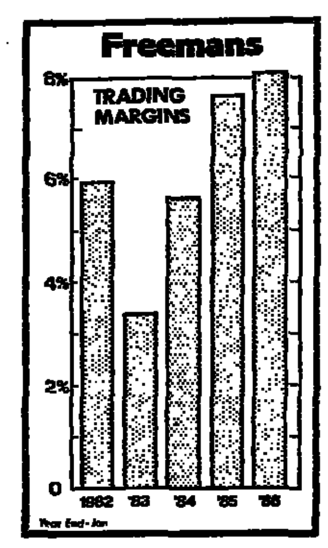
See Lex

Freemans up 27% and outlook favourable

Freemans, the mail order business, saw taxable profits rise by 27 per cent in the year to January 25 1986, and the directors expect that trading conditions are likely to remain favourable for the current year.

The group's share of mail order trade rose to a record 13.9 per cent in the 52 week period, with turnover, including VAT but excluding that of the related company Together, up from £359.68m to £410.12m. Pre-tax profits came out at £28.04m against £22.03m, of which £1.29m came from Together. The 50 per cent relative achieved a "highly satisfactory and profitable first year," say the directors.

In 1985, Together's only franchise was in West Germany, but this year franchises will be operating in a number of other European countries and North America.



The final dividend is raised from 3.5p to 4.7p for a total 1.5p higher at 7p. Earnings per share came out at 24.8p (17.1p).

Borrowings remained firmly under control, with the debt/equity ratio improving from 22.8 per cent to 20.5 per cent. Net interest payable was up from £1.57m to £2.11m.

● comment

Nobody could say that a 23 per cent profit rise and an improvement in both gross margin and market share was a bad result from Freemans. If the shares fell yesterday to 414p it was against the background of a sliding market, and after a powerful rise in the price over the last six months. With further increases expected in the number of agents and in sales per agent the mainstream catalogue business should continue to prosper this year. However the zest will come from Together and the trendy new BYMAIL "specialogue" which was launched last month. Not quite so go ahead as Grattan, Freemans nevertheless does not seem too highly rated on a p/e of less than 14 assuming profits of £33m.

IMI gives hint of further disposals and acquisitions

IMI, the metals and engineering group which is making an £88m agreed bid for Martonair, yesterday hinted at further acquisitions and disposals as it attempts to shift its business into more profitable areas.

The adjustment of the portfolio must be an ongoing process if IMI is to continue improving its performance by selectively building on its strengths, Sir Robert Clark, chairman, said.

"I would like to see our next acquisition be US-based but it does not follow that that will come before another opportunity in the UK," Mr Eric Swainson, managing director, told a press conference.

IMI has irrevocable acceptances to its bid from the owners of 7 per cent of Martonair's shares. It expects to post its formal offer document in the next few days.

IMI announced earlier this month, in connection with the Martonair bid, that pre-tax profits had risen from £45.1m to £57.3m in 1985 on turnover which rose from £738m to £768m.

Progress in 1985 owed more to better margins than higher sales volume, it said yesterday. The margin of pre-tax profits on sales rose from 6.1 per cent in 1984 to 7.5 per cent, with IMI's highest added-value businesses such as drinks dispense and fluid power typically achieving margins of 10 per cent.

The titanium division did, however, achieve a substantial volume increase and this is expected to continue for a further two years or more

This can be achieved without capital investment so cash flow will improve in line with profits. IMI is currently looking for a licencee in the US to enable it to get round US import tariffs on titanium.

Overseas sales amounted to 47 per cent of total turnover in 1985 with exports from the UK 7 per cent higher at £123m and sales by overseas companies only slightly higher at £240m.

The divisional contribution to profits was as follows: building products £7.7m (£6.6m in 1984); heat exchange £4.9m (£4.4m); drinks dispence £12.5m (£13m); fluid power £11.2m (£9.3m); special purpose valves £4.2m (£3.9m); general engineering and other activities £8.6m (£6.5m) refined and wrought metals £11.9m (£4.5m).

● comment

Any Martonair shareholders who were in doubt about accepting the agreed bid from IMI, should be reassured by the publication of IMI's detailed figures for 1985. While IMI directors are constrained, by takeover rules, from saying much about 1986 profits, the hope among brokers is that the 15 per cent increase in IMI's share capital will be matched by the profit benefit of the deal going through, suggesting pre-tax of about £75m. IMI has been steadily improving its average margin as the higher added value businesses grow faster than the commodity-type activities. The group is firing on most of its cylinders at present, with titanium, largely used in the aircraft industry, leading the advance. The remaining loss-making subsidiaries are being dealt with. The balance sheet is in good shape, thanks to tighter control of working capital and retained profits of £23.2m, while Martonair's is free of borrowings. This bid is by no means the end of the acquisition trail for IMI. The shares have been re-rated in recent months, although down 4p to 174p yesterday, and are now set for some consolidation.

Hanson edges ahead in Imps battle

By Martin Dickson

Hanson Trust last night inched ahead in the £2.4bn takeover battle for Imperial Group when it announced that it now spoke for 26.9 per cent of the company's shares. United Biscuits, which is making a rival and recommended bid for Imperial, said on Friday that it spoke for 21.89 per cent.

Hanson said that by yesterday afternoon, the second closing date of its revised and final offer, it had received acceptances covering a further 5.7 per cent of shares, to add to the 12 per cent it picked up by the first closing date. It has also bought 9.2 per cent in the market.

Sir Gordon White, who heads Hanson's US operations, noted last night that the group could under the takeover rules still buy another 5.8 per cent in the market, lifting its total to 32.7 per cent. "If we used that buying power we would only need 17 or 18 per cent for control," he added.

United has already reached the limit of its purchases of Imperial shares—14.94 per cent—and by last Friday, the first closing date of its bid, had received acceptances covering a further 6.95 per cent.

However, United is still waiting for the Government to say whether it will allow the proposed merger with Imperial to proceed without a reference to the Monopolies Commission.

Imperial said last night that a green light would clear the way for more acceptances of the United offer. Hanson, it added, must be pretty disappointed with its latest acceptances. "We understand it had been leaning on the institutions fairly heavily," Imperial claimed.

However, Sir Gordon last night pronounced himself encouraged by the latest acceptances, and said United had only reached 6.8 per cent after a major campaign of phoning-up small shareholders.

Shares in Hanson closed last night at 179p, down 4p on the day. At that price its shares and convertible stock offer is worth 367p and its shares and cash offer is worth 332p. United's shares closed at 236p, down 3p, valuing its offer of shares, cash and convertible preferred shares at 330.7p. Imperial shares closed at 347p, up 3p on the day.

Hanson's £100m refinancing, Page 34

Steetley sets its sights on growth

BEING VASTLY stronger than when it entered the downturn, the Steetley group is now confident that is well placed to exploit its carefully prepared base for expansion, directors say.

The group gathered strength following strategic concentration into fewer geographical areas and fewer activities, coupled with extra support for the core businesses. Now the emphasis has switched to growth and the group has an industry base, borrowing capacity, and management to achieve this, both organically and by acquisition, the directors state.

For the year 1985 the group confirmed its recent strong recovery with an advance in pre-tax profit from £32.7m to £36.84m, although turnover showed a near 3 per cent drop to £408.72m. The profits increase arose from improvement in the distribution and services side and reduced net interest charges. Geographically, the rise stemmed from North America and Western Europe. Currency translation cost £1.1m in profit.

The directors say the group's improved competitive position enables it to take advantage of the better prospects in the construction industry. It also looks to a further advance in the North American operation.

Borrowings were reduced from £36.1m to £27.6m in the year, and net interest charges were £1m less at £4.04m. Gearing is now down to a modest 15 per cent of shareholders funds.

The final dividend is 8p for a net total of 13p, a rise of 1p over last year. Earnings are shown at 36.25p (33.1p).

The profit was broken down by activity as to:— construction materials £22.5m (£22.86m) minerals extraction and processing £10.42m (£10.97m); refractories £1.93m (£2.65m); chemicals £1.34m (£1.37m); distribution and services £4.69m (£27,000).

The UK, including exports, accounted for £30.35m (£29.3m); North America £8.2m (£5.23m); Western Europe £1.99m (£1.51m); Middle East £342,000 (£944,000); Australia nil (£897,000).

Capital expenditure in 1985 came to £24.2m. The major areas were completion of the spending in Steetley Brick and the construction materials operations in the UK and France.

The group's position in the South of France market has been consolidated with the acquisition of two limestone quarries in Marseilles/Toulon and a large sand quarry near Toulon.

In the Lyon market the group has strengthened its position by acquiring another dredging company on the River Rhone, and it has agreed to buy a further sand and gravel quarry near St Quentin.

● comment

These results mark the end of phase one of Steetley's rehabilitation programme: recovery has happened and growth is just beginning. All divisions are now profitable with North American distribution, which was in the red last year, now responding to enthusiastic pruning and generating strong profits. Bad weather, and inflated energy costs upset profits in the construction materials and refractories last year but both should be absent in the current year's figures. With the tail end of recovery still to come in Canada, a full contribution from the Parkhouse factory — which involved large commissioning costs last year — and a first-time profits from the French acquisitions, Steetley should make £43m this year. After 40 per cent tax the shares at 457p are on a p/e of 11, and even after the rapid rise over the last two years, remain at a discount to the rest of the sector.

Berisford holding to change hands

...Barclays Merchant Bank has contracted to sell its 9 per cent stake in S. & W. Berisford, the sugar and commodity trading group, to A.I.F.A. Holdings SA, an offshore subsidiary of Barclays client, Ferruzzi, the Italian food and agricultural group, at 225p per share on or before April 7.

Barclays said yesterday that the timing and the sale was not linked to an imminent bid by Ferruzzi for Berisford. Berisford closed 2p up at 233p.

Jourdan sells trouser plant

Thomas Jourdan, the cosmetics and fireplace group, has sold its trouser press production plant in Windsor to a local property company, Ronverman, for £900,000. The company plans to move trouser press production in mid-summer to a factory in Andover acquired in January for 225,000.

Improvement in margins lifts Lamont profit to £4.6m

WITH THE textile side experiencing another year of growth and achievement, the Lamont Holdings group has shown an advance of 33 per cent, from £3.46m to £4.62m, in pre-tax profits for 1985.

This stemmed from a 14 per cent lift in turnover, from £40.8m to £46.58m, and highlights the success of the management's policy of emphasising the control of unit costs and the improvement of margins, says the chairman Sir Desmond Lorimer.

Earnings have risen from 15.62p to 19.02p and the dividend is lifted from 3.1p to 4.5p net, the final being 3.3p. These represent percentage gains of 22 and 45 respectively.

Sir Desmond says it is early in the current year, but trading to date has been on target and he is confident of the outcome for the year.

The group is in the process of acquiring Shaw Carpets, based in Darton, South Yorkshire. In the half year ended November 1, 1985 this company incurred a loss of £584,000 on a turnover of £21.6m.

Reporting on his own group, Sir Desmond says textile division increased its trading profit by £500,000 to £3.2m. Moygashell (apparel and furnishing fabrics) maintained progress. Emphasis placed on design and marketing and the reduction in unit costs has shown market results both there and in carpets, with the latter increasing its turnover strongly.

Technical improvements in synthetic yarn production led to increased productivity and there was a shift in sales to new markets. Linen and linen-blend yarns had a difficult, although still profitable, year; following a sustained fall-off in exports, there are signs of a revival in demand and the home market has also improved.

Computing and software did well particularly in software and computer maintenance. Performance of the bureaux and equipment sales division, however, fell short of earlier years. There is an extraordinary loss of £178,000 arising on the management buy-out of the bureaux business in Ireland.

● comment

Lamont is making a habit of turning in immodest rises in profits and earnings achieved through higher sales and fatter margins on both old and new businesses. Although these figures came as no surprise, the City seemed well satisfied and the shares rose 5p to 182p. Textiles, by far the biggest division, is also the most exciting with the three satellite activities, showing comparatively pedestrian advances. The acquisition of Shaw Carpets will focus Lamont on what it is good at—Shaw has good equipment but poor management and can well benefit from Lamont's guidance. Furthermore its carpets will make a nice match with Lamont's contract furnishing, and the two will be sold in a co-ordinated package. On profits of £6m and a tax charge of 20 per cent, a p/e of 7¼ would suggest that the share's outperformance is not yet over.

Brent Chemicals profits rise 23%

RECORD PROFITS of £5.9m have been achieved by Brent Chemicals International, maker of industrial chemicals, in 1985. These show a 23 per cent increase over the previous £4.8m.

Earnings are ahead from 7.6p to 9.3p and the dividend is lifted from 3.5p to 4.2p net, with a final of 3.35p.

The directors report that the group's involvement in such growth areas as aerospace, printed wiring boards and flexible packaging provided a significant contribution to the success.

All three divisions achieved organic growth. In the Ardox side this was effected by continuing to emphasise its systems approach to non-destructive testing in the aerospace and automotive industries. In the food, beverage and packaging through improved management of the two first named and overall market expansion in flexible packaging. The metal finishing business benefited from an increased share in an overall flat market.

The acquisitions — Winnetts, Lectrokem and Chemlec Solution — all performed well in the time they have been in the group.

The group's financial position remains strong. Interest charge for the year was covered 17 times by operating profits and at the year-end the debt to equity ratio was 37.5 per cent.

Sales for the year came to £53.28m (£51.51m) and the operating profit to £6.28m (£5.1m).

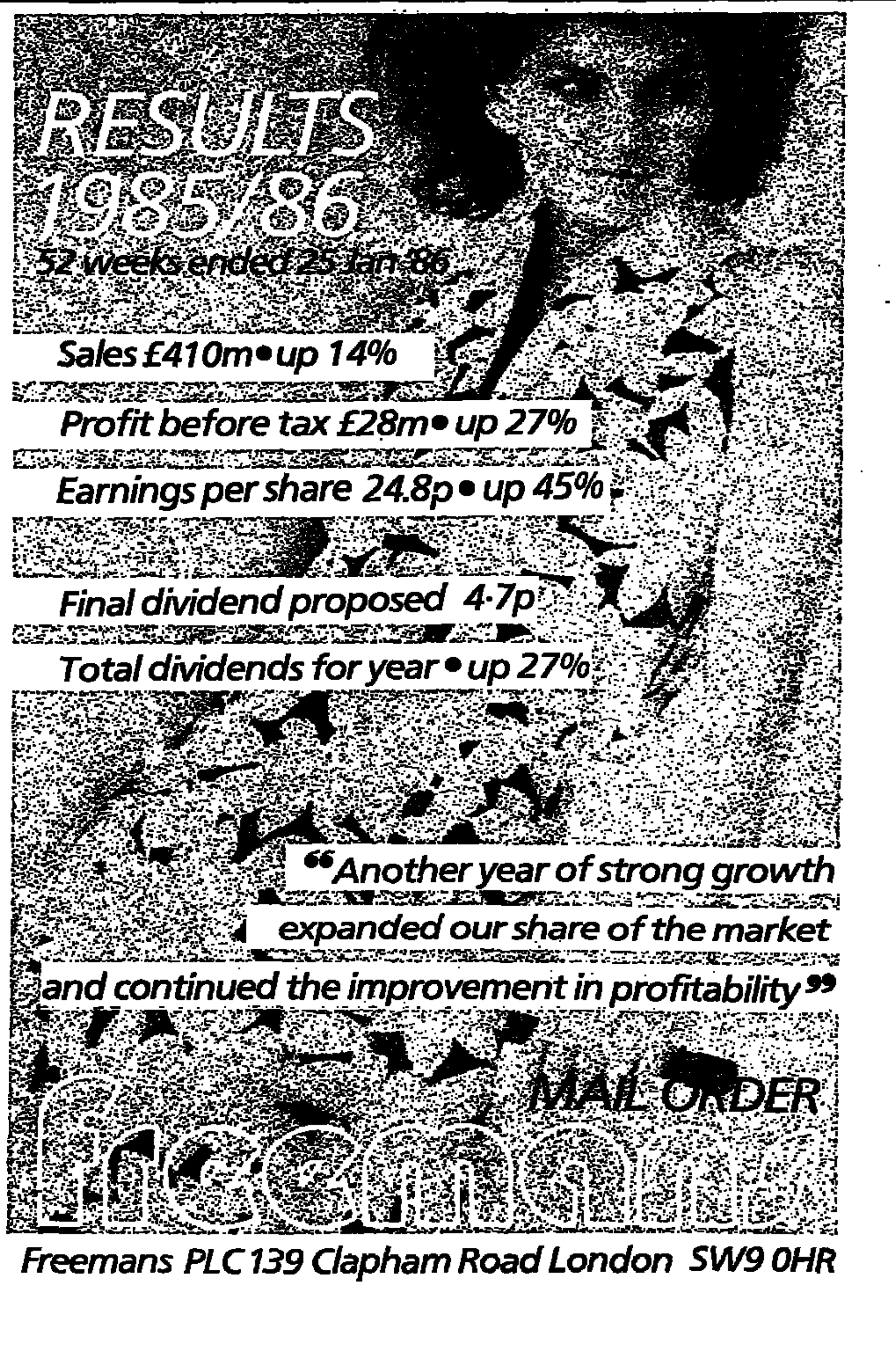
● comment

An air of caution over Brent Chemicals' interim figures had brokers trimming their full-year forecasts last September only to find themselves falling short in the event, and the shares responded to yesterday's confident statement with a 9p rise to 151p. Brent's unsuccessful US venture into laundry chemicals is now a distant memory, and the group is proving its ability not just to make the right acquisitions but also to put them to work. Ardrox, one of whose fortunate niches is the buoyant aerospace industry, is still leading the growth, but the group continues to broaden its base to protect against cyclical downturns in any one sector. Some £7m looks likely for this year, a figure which would almost meet Brent's target figure of 12½ per cent real-terms earnings growth even without further acquisitions. The prospective p/e ratio of 14 after a 35 per cent tax charge looks undemanding for the sector.

Argyll's bank buys shares in Distillers

The Argyll Group's merchant bank, Samuel Montagu, announced yesterday that it continued to buy Distillers shares last Friday the day the final Argyll offer for the company was presented. Samuel Montagu bought at the cash alternative level of 660p. Argyll and concert parties now own 14.44 per cent of Distillers share capital.

Guinness's share offer remains marginally ahead of Argyll's although its cash alternative is 30p lower. Argyll rose 5p to close at 335p yesterday and Guinness too rose 5p to close at 315p.



DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoed Steel	4‡	—	—	8	—
Barrow Hepburn	1.5†	July 1	1.4¶	2.5	2.2
Brent Chemicals†	3.35	—	2.75	4.2	3.5
Early's of Witney	1	July 1	1	1.32	1.32
Fleming Japan ...int.	0.5	May 19	0.5	—	4
Freemans	4.7	—	3.5	7	5.5
Fregmore Ests. ...int.	1.95	May 2	1.77	—	6.92
Garton Eng.	2.5	July 1	2	3.5	3
Grampian Hldgs.†	4	May 10	3.5	6	5
Hall Engnrg.	4.71	May 9	4.2	8.37	7.61
James Halstead ...int.	2	June 2	1.5	—	4
Hickson Intl.	10	May 6	10	15	14
IMI	3.05	May 23	2.5	5.25	4.5
Lamont Holdings	3.3	July 1	2.4	4.5	3.1
Memec	2.13	May 23	1.68	3	2.4
Murray Ventures ...int.	2.5	—	1.5	—	5.5
Narborough‖ ...int.	0.5	June 27	0.5	—	1.8**
Palma Group	1.25	July 1	1.25	2	2
Petranol	1.5	—	1	1.5	1
Shorrock	1.32	—	—	1.9	1.5
Spring Ram	1.21	June 12	1.1	1.82	1.65*
Steetley	8	April 28	7.5	13	12

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Second interim and final. ‖ Gross throughout. ** Including bonus.

Brasway pulls out of scrap metal

Brasway yesterday announced that it had withdrawn from the scrap metal business through a £1.35m cash deal with Coopers (Metals) the ferrous scrap processor division of Coopers Holdings.

Under the deal, Brasway has sold its Wednesbury site in the West Midlands to Coopers, and will also undertake all outstanding debtors and pay all the division's creditors. It will sell the existing stocks at cost to Coopers, and the net proceeds are estimated at about £300,000.

The scrap business made a net profit of £354,000 on turnover of £7.16m in the year to April 27 1985.

Bullers purchase

Bullers has purchased the business and assets of Caverswall China Co. from the receiver for a sum of £150,000 in cash.

Caverswall is engaged in the manufacture and distribution of high quality fine china and its acquisition is seen by Bullers as a further step in the development of a significant consumer products division.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	133xd	−1	7.3	5.5	8.1	7.6
151	121	Ass. Brit. Ind. CULS	138	−1	10.0	7.2	—	—
75	43	Airsprung Group	71	—	6.4	9.0	11.8	15.4
40	33	Armitage and Rhodes	35	—	4.3	12.3	4.3	5.2
177	108	Bardon Hill	177	—	4.0	2.3	22.4	23.3
64	42	Bray Technologies	56	—	3.9	7.0	6.8	7.9
201	136	CCL Ordinary	138	—	12.0	8.7	3.4	3.2
152	97	CCL 11pc Conv. Pf.	99	—	15.7	15.9	—	—
150	80	Carborundum Ord.	148	−2	4.9	3.3	7.3	11.5
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
65	46	Deborah Services	56	—	7.0	12.5	5.8	7.7
32	20	Frederick Parker Group	23	—	—	—	—	—
107	50	George Blair	106	−1	—	—	4.3	7.9
68	20	Ind. Precision Castings	61	−1	3.0	4.9	16.1	13.5
218	161	Isis Group	166	+1	15.0	9.0	12.8	19.1
122	101	Jackson Group	121	—	5.5	4.5	8.1	8.1
345	228	James Burrough	345	—	15.0	4.3	10.9	10.9
98	85	James Burrough 9pcPf.	98xd	—	12.9	13.2	—	—
85	62	John Howard and Co.	62	—	5.0	8.1	4.9	7.8
1200	570	Minihouse Holding NV	1140	−20	6.9	0.6	49.8	47.3
82	32	Robert Jenkins	69	—	—	—	9.0	19.7
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	66	Torday and Carlisle	69	—	6.0	7.2	3.5	8.3
370	320	Trevian Holdings	330	—	7.9	2.4	8.8	9.1
53	25	Unilock Holdings	52	—	2.1	4.0	14.1	13.8
150	93	Walter Alexander	150xd	—	8.6	5.7	8.5	10.3
226	195	W. S. Yeates	200	—	17.4	8.7	6.7	9.8

UK COMPANY NEWS

Timber protection setback reduces Hickson to £13m

A SHORTFALL of £2m from its timber protection interests in 1985 together with a sharp decline in chemical sales during the last four months reduced **Hickson International's** full year pre-tax profits by 12 per cent to £13.12m.

The directors point out, however, that demand has shown an improvement in the early months of 1986.

They say the lower price of oil is expected to result in better margins, particularly in the organic chemicals sector and that the increasing strength of the deutschemark should reverse the downward trend in export prices of chemicals which the group experienced in the second half of the past year.

Shareholders are told that there is some evidence of increased building activity in the UK which should boost timber protection sales. Margins, however, are likely to remain under pressure, especially overseas.

The 1985 year saw group turnover rise from £133.75m to £148.02m but costs and overheads surged by £15.78m to £135.33m. Investment income less interest charges added £434,000 (£760,000).

Tax accounted for £5.58m (£6.27m) to leave net profits at £7.54m, against a previous £8.69m. Earnings emerged at 39p (45p) and a final dividend of 10p (same) lifts the net total by 1p to 15p.

Currency devaluations reduced profits from South Africa, New Zealand and Australia by some £800,000. Chemical profits showed a reduction of £300,000.

Here, Hickson & Welch was affected in the second half and an extraordinary provision of £1.6m has been set aside for restructuring and rationalisation of the existing business.

● comment

The chemicals industry is notoriously cyclical and Hickson's shares have long been depressed by market fears of a cyclical downturn. Last year the market's worst fears were fulfilled. The company had, prudently, prepared the City for bad news and the *shares* lost just 7p to close at 420p yesterday. Hickson has embarked upon a radical rationalisation programme to haul the company out of the most cyclical areas of organic chemicals. From the *market's* viewpoint rationalisation is long overdue. Hickson is now grappling with the problems that most of its competitors resolved five years ago. So even radical rationalisation is unlikely to restore lost confidence in the company. Nonetheless chemicals activity should improve this year, as should merchant distribution, and even the beleaguered timber division should show some uplift. The *City* expects profits of £14.5m and a p/e of 9.5.

Vinten pays £1m for contract release

Vinten Group, the electronics and computer concern, announced yesterday that it has had to pay **Computing Devices Company** £1m to be released from a contract to develop a military reconnaissance video recorder.

The fixed price contract was entered into by S. Davall and Sons (now Vinten Avionic Systems) before it was acquired by Vinten in 1984. Vinten has already provided £814,000 against an anticipated loss on the contract, and earlier this month announced it was seeking to renegotiate it.

Vinten said yesterday: "It has not been possible to obtain an easement to the specification of the contract but CDC have agreed to release VASL from all penalties and claims that might arise from withdrawal in consideration of VASL agreeing to pay CDC the sum of £1m on April 1 1986." The £1m will be charged as an expense in Vinten's accounts for the year ending 31 March 1986.

Vinten made pre-tax profits of £3m in 1984-85

Memec rises 40% despite semiconductor market

IN SPITE of very poor market conditions in the semiconductor memory market, **Memec (Memory and Electronic Components)** raised pre-tax profits by 40 per cent from £4.51m to £6.32m in 1985. Sales climbed 44 per cent *to £49.51m, against* £34.43m.

With stated earnings per 10p share up 21 per cent to 12.94p (10.7p), the net dividend is raised by a quarter to 3p (2.4p) with a final of 2.125p.

The results included sales of £12.6m and £1m profits in West Germany. The company's new venture, Insight Electronics in California, achieved sales of £0.8m and incurred a start up loss of £0.3m.

The semiconductor market was particularly difficult in 1985 and worldwide demand fell by an estimated 17 per cent in value. The market for semiconductor memory components *was hardest hit with significant* over supply forcing price reductions and margin pressures.

Although the company's continuing policy is to limit its exposure in this market, its 1985 results suffered somewhat from this fall in demand and prices. In other areas business grew satisfactorily.

On prospects, the company says that it is still too early to be certain that the worldwide semiconductor component business is on the way to recovery, but current activity indicates that market conditions will be better in 1986.

The market for systems products in the UK and West Germany remains very strong and continued growth is expected from these areas. The company believes the US market offers enormous potential for future growth.

● comment

Memec's profits are up by 40 per cent pre-tax, its eps by *21 per cent and its dividend* by 25 per cent yet the shares fell by almost a 10th yesterday *to 380p which says a lot about* how over-optimistic this market has become. Admittedly free of acquisitions and a sharp increase in interest receivable to £640,000 following the rights issue, *the underlying profit* growth comes down to 15 per cent but that still represents a small margin increase in what has undoubtedly been a very difficult year for semiconductor distributors. Ambar, for example, took in a stock write-down of around £200,000. However, demand should pick up after last year's pounding while developments in the US and West Germany should contribute strongly to the profits line. Profits could grow by 20 per cent at the very least this year although a figure of £8½m would not be too much to ask for if everything goes the way the analysts expect. The p/e drops to around *20* on the optimistic view which is not expensive by past standards.

Smith St Aubyn: new approach

Smith St. Aubyn, the discount *house which agreed last month* to be taken over by Irving Trust, the US banking group, told its shareholders in a surprise announcement yesterday that it had received another approach which could lead to a better offer.

It said the approach "may lead to an offer being made on terms rather more favourable than those currently available under the offer from Irving International Financing Corporation."

On the London Stock Exchange shares in Smith St. Aubyn rose 3p to 44p, valuing the company at £9.5m.

Yesterday's announcement followed moves by *Jove* Investment Trust, an institutional shareholder in Smith St. Aubyn, to persuade other shareholders to reject the bid because the price offered was too low.

In the original offer by Irving *shareholders* were offered a maximum consideration of 47.5p per share.

Petranol at a record £3.3m

Petranol, a UK oil group with its production base in the US, raised profits from operations during 1985 from £963,852 to £3.17m and profits at the pre-tax level from £2.33m to a record £3.29m.

The directors say that ordinarily, the performance would merit a substantial increase in dividend.

However, because of continuing exchange rate uncertainties and the recent sharp fall in oil prices they are taking a more cautious approach and lifting the year's payout by 50 per cent to 1.5p net, payable in cash or shares.

The 1985 year saw proven reserves rise by 82 per cent to 8.3m barrels of oil equivalent *and the directors point* out that there is still further upside potential from existing leases.

They tell shareholders that since flotation in 1984 proven reserves have increased over fivefold. All categories of reserves of oil and gas have been assessed at 13m barrels of oil equivalent.

Group turnover for 1985 improved from £2.47m to £7.58m. Operating costs rose to £855,164 (£625,950), production taxes to £410,644 (£132,464) and depletions and depreciations to £1.82m (*£557,743*).

Pre-tax profits were struck after taking account of administration expenses of £1.31m (£188,208), adding in interest receivable and similar income (*most of it exchange rate gains*) of £873,655 (£1.49m) and deducting interest payable and similar costs

Net profits emerged at £2.96m (£2.04m) after tax of £334,728 (£289,000). Earnings per 10p ordinary share were 11.62p (10.02p).

● comment

It seems churlish to gloss over Petranol's impressive profits growth in 1985, but the figures, as with those from any oil producer, *are really academic*: the market is interested only in what today's oil price is going to do to this year's results. Petranol's low unit cost of production and rising output mean it is better placed than some independents to ride out the storm, but there must be a price level below which the company cannot survive. At $15 a barrel it can probably tick-over, but yesterday's events in the oil market took the company a step nearer to the point where it might eventually have to call on its shareholders or bankers *for help—a situation in which* it would be unlikely to find many sympathetic ears. The shares, once 635p, were yesterday 3p up at 60p. They remain a gamble on the oil price.

Arbuthnot Govt

The Jersey-registered **Arbuthnot Government Securities Trust** has shown improved revenue for the half year ended February 28 1986. Gross revenue is up from £2.41m to £2.48m while the net balance, *after all charges, rises* from £2.3m to £2.36m.

The Trust has forecast dividend payments in respect of the year ending August 31 1986 of 2.5p for each quarter, *compared with 2.75p previously.* So far it has declared two payments, the latest due on April 14.

Sovereign Oil is cautious about prospects

Sovereign Oil & Gas achieved satisfactory results in 1985 due to a combination of crude prices averaging about £22 a barrel and the resilience of production from the Brae and Forties fields.

However the directors add that the outlook is not encouraging. "When the price of the sole commodity a company produces falls by over 50 per cent in two months it must create shock waves," they say.

They add that the concerns expressed at the interim stage were realised and they have decided not to make the exploration and production company's first dividend payment this year.

On turnover up from £54.59m to £58.32m, pre-tax profit fell from £18.17m to £12.56m. With a tax charge of £5.55m (£7.53m), earnings per share came out at 15.58p, against 28.32p for the previous year.

The pre-tax figure was struck after exploration costs written off of £8.91m (£3.75m) and finance charges of £2.21m (£3.19m). It included interest *received of* £1.18m (£736,000).

● comment

Sovereign's net income was some £2m below expectations, with higher than expected *exploration cost write-offs* (a cautionary move?) being to blame. Yesterday's break-up of the Opec conference without agreement saw US spot market prices fall to just over $12; even an average price of $15 would see turnover down to under £30m and pre-tax profits almost certainly in the red, perhaps by as much as £4m. Sovereign's saving grace now becomes the *pool of deferred tax. As no PRT* is liable at current oil price levels on Brae, some of the estimated £13m (worth 29p a share) in this useful account has been switched over to be *available for corporation tax* cover. The balance sheet looks highly geared until the sweetheart loan to Sovereign from Marathon, used to finance Brae's development, is set aside. In effect Sovereign collects a guaranteed 40 per cent royalty on its 4 per cent stake in Brae. Further the company ended the year with £10m in the bank. On a two-year *view, Sovereign looks like a* survivor but the shares, 60p last night, are attractive only to the brave.

Maxwell has 14.1% stake in Clive Discount

MR ROBERT MAXWELL, the proprietor of the Daily Mirror newspaper, emerged as a substantial shareholder in Clive Discount, the discount house which has agreed a merger with Prudential-Bache, the US securities group.

Mr Maxwell bought 3.35m shares in Clive the day the merger was announced last week and for the two following days.

His stake stands at 14.1 per cent and his shareholding is valued at £1.67m.

On the London stock exchange yesterday shares in Clive remained unchanged at 50p.

Mr Maxwell said yesterday: "I am a long standing shareholder and I hope to remain so."

Asda raises £9m via debenture issue

Asda Property *is raising* £9m through first mortgage debenture stock in order to reduce its variable rate borrowings and to provide a stable base for future expansion.

The company was on the verge of launching a similar issue in January, but withdrew at the last minute when interest rates moved sharply against it.

The stock, which is being placed by Laing and Cruickshank, *carries a 10⅛ per cent* coupon and matures in 2011. It is priced at £99.99 and has a gross redemption yield of 10.315. The stock is partly paid with £25 due on acceptance and the balance on June 9.

Pifco/Mellerware

Mellerware International, has agreed to sell part of the business assets of Sona, to Pifco Holdings for a consideration of aproximately £750,000.

Sona was formerly part of the International Salton Holdings NY Group, which Pifco purchased in September 1985 but, up to December 1983 it was part of N. C. Joseph

Murray Ventures

Murray Ventures, investment trust, raised net asset value to 433.8p as at January 31 1986, against 373.9p a year earlier.

Earnings per share for the six months period were 3.1p (3.02p) and the interim dividend is increased *from* 1.5p to 2.5p net—a final of not less than 4.5p (4p) is forecast.

UK COMPANY NEWS

MMG sees profit cut as export margins disappoint

A REDUCTION in profits for the year to June 30 1986 are forecast by the Magnetic Materials Group, which made its debut on the USM last October.

For the first six months the group has shown a marginal increase from £962,000 to £980,000 but the expectation is that the second half will not equal that. For 1984-85 the profit was £2.22m.

Mr L G Baker, chairman, says there has been a recent fall off in demand for some of the group's products, but he sees this as a cyclical situation related to recent problems in the electronics industry generally.

Whereas the group's sales currently represent a larger share than hitherto of the available business, particularly in soft ferrites in the UK, profit margins in export markets have not matched expectations because of the strong pound against currencies tied to the dollar.

In the half year turnover came to £6.73m (£6.98m). Earnings were 5.1p (4.8p) per share. The directors intend to recommend a dividend of 1.87p for the year.

● **comment**

To find a banana skin so soon after flotation is not something the market will forgive in a hurry. The half-time figures have only just marked time and worse the third quarter has come a cropper. Even with an upturn in the final three months full-year profits are unlikely to be more than £1.5m. Within weeks of coming to market MMG's order book started to fall away. The difficulties are centred on the computer sector with Swift Levick's permanent magnets taking the brunt of the downturn. Further investment in rare earth components and possible acquisitions will eventually leave MMG less vulnerable to the highly competitive permanent market while a general recovery in orders points to a better 1986-87. But it takes a great deal of confidence to start predicting a full recovery when MMG is showing how quickly markets can move against it. After yesterday's 30p fall to 85p the shares, on a p/e of 12½ after a 20 per cent tax charge, are still searching for a firm footing.

Grampian Hldgs up £1.7m and order books are healthy

IMPROVEMENTS in all activities together with reduced costs enabled Grampian Holdings to lift its 1985 profits by £1.7m to £3.42m pre-tax.

And with earnings emerging 8.13p higher at 20.19p the final dividend is being increased to 4p (3.5p) giving shareholders a 1p rise in their total to 6p net—5.5p was forecast last June at the time of the £3.2m rights.

A scrip issue on a one-for-two basis is also proposed.

Turnover for 1985 rose from £46.73m to £53.57m. The profits broke down by activity as to transport and construction £1.33m (£680,000), retail £1.56m (£991,000), sporting goods £569,000 (£263,000) and pharmaceuticals £404,000 (£339,000).

Central costs were cut from £550,000 to £425,000.

Tax accounted for £832,000 (£377,000) and extraordinary charges for £282,000 (nil).

● **comment**

Grampian Holdings' fortunes have waxed and waned with those of the industrial conglomerates sector to which it belongs. The market has taken conglomerates to its heart in recent months, especially conglomerates like Grampian which make enthusiastic noises about organic growth, rather than acquisition. The shares rose by 18p to 238p yesterday and should rise further once the scrip issue takes effect and with profit projections of £4.4m and a p/e of 9.5 for 1986. Of Grampian's four core areas of activity only one, transport, has been relegated to the ranks of the growthless. Within pharmaceuticals Grampian expects to benefit from the drug companies' indifference to animal products; retailing will expand through the development of new tourist "mills" and Gleneagles classics shops; while sportswear should be buoyed by soccer's popularity on the US college circuit and by the acquisition of new brand names in the serious sports field.

Spring Ram ahead 46% and good start this year

Spring Ram Corporation, a maker of bathroom and kitchen equipment, lifted pre-tax profits by 46 per cent from £3.03m to £4.43m in 1985 and the current year has begun well.

Turnover climbed 41.5 per cent to £27.39m (£19.36m) and the company increased its UK market share in bathroom products and flat pack kitchen furniture.

After a tax charge of £793,000 this time, stated earnings per 10p share rose from 14.3p to 18.2p. The final dividend is stepped up to 1.21p for a total increased from an equivalent 1.65p to 1.815p net. A one-for-one scrip issue is also proposed.

Last July, the company's new factory for vitreous china sanitaryware began operations. Commissioning of this plant is nearing completion and build-up to full production is gaining momentum.

Equally significant was the transfer of Spring Bathroom's administration and plastics manufacturing facilities from Sowerby Bridge to Bradford. This near £2m investment yielded an increase of 40 per cent in plastics manufacturing capacity.

● **comment**

A bunch of canny Geordies making an acrylic bath revolution seems an unlikely formula for a market rating comparable with the better end of the retail sector but that is Spring Ram. The shares have risen from 105p at the time of the April 1983 placement to 395p: on forecasts of £6m they are now trading on a heady multiple of 21 given a 30 per cent tax charge. This year the continuation of a strong growth rate depends on sales of complete colour-coordinated bathrooms, made possible by the rising production at the new Bradford vitreous goods plant. Export sales, a weak area to date, should also gain from the availability of complete suites. In fitted kitchens the five-year price freeze is profitably being extended up to 1987 and the two-year deal with ICI over Asterite (which threatens a sink revolution that could surpass the impact of acrylic on the bath tub) promises continued gains. The scrip should help marketability and the share price especially as the forecasts already look a little on the cautious side.

Early's of Witney double to £304,000

With sales of both blankets and floor coverings showing improvements Early's of Witney was able to double its profits from £150,634 to £303,874 pre-tax during the year to February 1 1986.

The figures did not include any significant sales of land or buildings but the directors are continuing their plans to achieve an orderly and profitable disposal of such items.

The dividend total is held at 1.315p net, covered 3.16 (1.5) times by earnings of 4.16p (1.96p). The final payment is 1p (same).

Turnover moved ahead from £8.75m to £9.25m and operating profits by 48 per cent to £388,402.

Dares Estates

Dares Estates says 14.61m shares were taken up in its recent rights offering of 17.15m at 6½p each. This represents 85.19 per cent of the issue—the balance has been sold at a premium.

UK side lifts Hall Eng

A JUMP of over £3m in UK profits enabled Hall Engineering (Holdings) to increase pre-tax figures by 55 per cent from £2.7m to £4.25m in the year ended December 31, 1985. Turnover was marginally ahead at £119.32m, against £117.33m.

The progress made by UK activities offset reductions of about £1m each in profits from South Africa and in the contribution from the group's related companies.

The board says there has been an encouraging start to the current year and it remains confident that Hall should produce another year of solid growth.

Taking into account the improved results and prospects for 1986, the board is recommending an increased final dividend of 4.71p (4.2p) for a net total up 10 per cent from 7.61p to 8.37p. Earnings per 50p share climbed 31 per cent from 15.5p to 20.3p.

At the operating level, profits increased from £3.46m to £5.03m, before including share of related companies profits—down from £2.09m to £1.13m. Interest charges were little changed at £1.88m, against £1.86m.

Tax charge was up from £467,000 to £1.29m and after minorities of £10,000 (£2,000) and sharply reduced extraordinary debits of £87,000 (£1.36m), attributable profits showed an advance from £911,000 to £2.87m.

Net borrowings fell by 51 per cent in the year from £12.8m to £6.3m and as a result, gearing was reduced from 35.4 per cent to 19.4 per cent.

Nuclear work helps Shorrock to 36% rise

Contracts for the installation of security systems at the Torness and Heysham II nuclear power stations have contributed to the success of Shorrock, which specialises in electronic security equipment, in the 1985 year.

Pre-tax profits rose by 36 per cent to £1.81m (£1.33m) on turnover ahead by more than £4m at £16.95m, and earnings per share rose from 3.81p to 5.36p. The dividend is lifted from 1.5p to 1.9p with a 1.32p final.

The results are the first full year figures since the company was floated on the Stock Exchange last April, and the directors say that the performance was achieved primarily by the main core businesses—the national network and special services divisions—which have continued to generate increased orders.

Trading margins increased in both the key markets, though this improvement was not carried through to overall profit margins owing to the one-off costs of starting two new divisions

Record sales by Charterhall North America

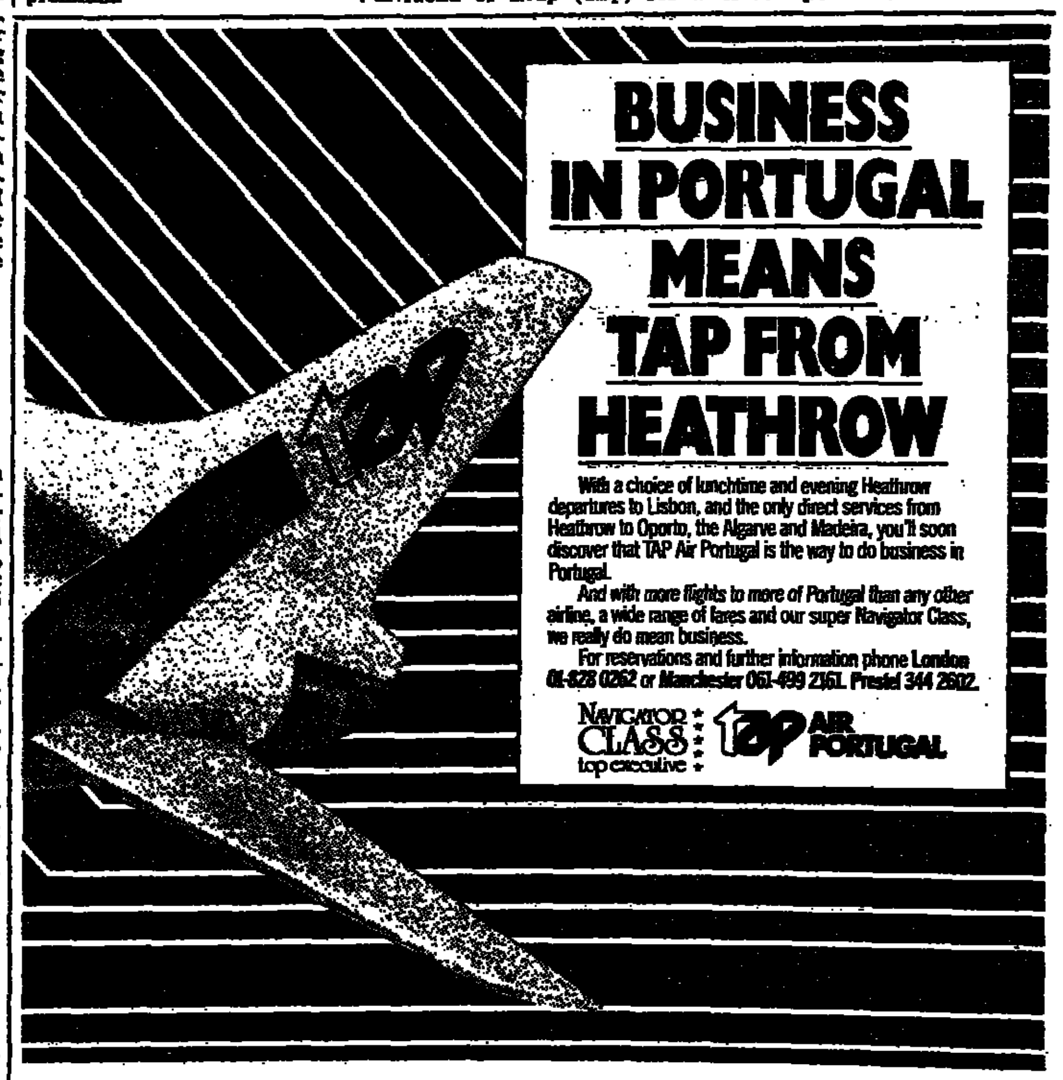
ON THE back of record sales Charterhall North America, the unquoted offshoot of Charterhall, reported pre-tax profits of £346,000 for 1985 against losses for the previous year of £87,000.

Directors say that oil production increased by 82 per cent and gas output rose by 70 per cent for turnover of £2.02m (£1.21m). Earnings per 10p share came out at 6.28p (2.17p loss).

They add that net proven oil reserves improved by 26 per cent during the year with a 6 per cent increase in net proven gas reserves.

Operating profit came out at £227,000 (£51,000 loss) and the pre-tax figure was struck after net interest received of £119,000 (£36,000 payable).

During the year Charterhall's stake was cut to about 60 per cent by the placing of 2.75m shares raising £4.6m net.



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UK COMPANY NEWS

Acquisitions push Assoc Steel profits to £2.62m

ACQUISITIONS have pushed up the growth rate at Associated Steel Distributors, and for 1985 the group has turned in a pre-tax profit of £2.62m, against £1.59m. The second half doubled its contribution to £1.21m.

The group, which came to the USM a year ago and is in the ultimate ownership of Coutinho Caro, is paying a final dividend of 4p for a net total of 8p. There was no payment in 1984.

Mr Ralph Oppenheimer, chairman, reports that some 75 per cent of the increase in turnover (group total was up from £40.28m to £60.28m) and profit was attributable to the acquisitions of Randle Steels and Reusable Steels, which have now been integrated into the group. Their first year was outstanding, and previous existing interest also performed well and lifted the profit by over 15 per cent.

The chairman says the current year has started relatively slowly, perhaps because of the cold weather. Increased activity is expected from the more recent weakness of the pound and "we are optimistic about renewed strength and vigour of the economy in the second half of the year and in 1987."

The long term aim remains to become a broadly based distribution group handling steel and a variety of other products.

Earnings for 1985 rose to 24.2p (19.4p). It is proposed to change the group's name to ASD.

● comment

Steel usage may have its occasional upturns but it is essentially a no-growth business, so Associated Steel Distributors increases profits through its strategy of improving internal efficiency gaining market share from its rivals, and expanding through acquisition. Its progress in all three areas enabled it to produce figures which surpassed the market's expectations and the shares put on 8p to 232p. The acquisition of L. W. Lambourn is unlikely to add much at the pre-tax level this year but organic growth should suffice to take the group to £3m, putting the shares on a prospective p/e ratio of 7½ after a 35 per cent tax charge. The group's long-term objective is to diversify into the distribution of other industrial products, but in the shorter term nervousness over its exposure to a cyclical industry keeps its shares at a discount to the market.

Frogmore Estates expands to £5.1m

Frogmore Estates, the Hertfordshire-based property development and investment group, raised pre-tax profits by 11 per cent from £4.63m to £5.12m for the six months to December 31, 1985. Turnover was lower at £15.42m, against £17.07m.

Earnings per 50p share increased by 19 per cent to 9.5p (8p) and the interim dividend is higher at 1.945p (1.768p) net.

Since last June, the company's rent roll has advanced by 17 per cent to £7.98m. At year-end estimated net asset value stood at 235p, against 209p.

The rent roll increase was achieved by virtue of £368,000 rent secured from pre-letting development activities, £348,000 from the leasing of existing buildings and completed developments, £108,000 from rent reviews and £327,000 from investment properties purchased during the period.

Rent increases achieved at review were 38 per cent above the old rents and in the second half reviews are expected to provide over £250,000 of further increases.

Mr Dennis Cope, the chairman, said the company continued to actively seek investment and development opportunities.

Barrow Hepburn improves 37%

THE ENLARGED Barrow Hepburn Group saw its 1985 turnover rise by 11.2 per cent to £45.67m and its profits before tax by 37 per cent, from £1.65m to £2.26m.

In the light of the results the final dividend is being lifted to 1.5p for a 0.3p bigger total of 2.5p net on the capital enlarged by last year's rights issue.

The group's major profit centres are chemicals and engineering. The two acquisitions in 1985, both in the engineering sector, performed well and in all, the directors are confident that the group will achieve further satisfactory growth in 1986.

A divisional breakdown of group turnover and trading profits (£2.73m, against a previous £2.07m) for 1985 shows chemicals £11.27m and £1.12m, engineering £19.44m and £1.15m, consumer products £11.25m and £474,000 and hide dealing £3.71m and £14,000 loss.

Operating costs rose to £8.34m (£7.84m) and interest charges to £466,000 (£422,000).

Tax took £902,000 (£709,000) and extraordinary items £210,000 (nil). Profit for the year emerged at £1.15m (£942,000) from which ordinary dividends will absorb £807,000 (£610,000).

Earnings came through at 4.13p, compared with 3.24p, per 25p share.

Extraordinary items comprised a loss on the disposal of Scotnord and a provision for reorganisation costs.

During the year the group acquired Fastenereliable and Extrafast Bolt & Nut. The companies manufacture and supply special bolts and nuts and fasteners, principally for the petro-chemical and power generation and energy industries.

Technical Component makes £0.3m

Technical Component Industries, the bolts and fasteners company which came to the USM last November, made pre-tax profits of £302,000 in the 1985 year. The result compares with a £167,000 profit last time and a flotation forecast of not less than £295,000.

Earnings per share moved ahead from 4.09p to 8.05p. The company says that its objective is to achieve a strong increase in earnings for shareholders by a combination of internal growth and acquisitions

It adds that stainless steel fasteners future prospects are excellent, and suitable companies in technical component and other engineering fields are being actively sought. The company hopes to successfully conclude one or more set of negotiations this year.

Turnover for 1985 came to £1.44m (£1.26m), and there was a tax charge of £125,000 (£77,000).

Turnround gives Palma £0.6m

CLOSURES by the Palma Group, which makes knitted products, meant that turnover fell from £19.5m to £17.3m in 1985. But they had the reverse effect on profits, and at the pre-tax level the group turned in £613,000, compared with a loss of £388,000.

And chairman Mr Peter Bailey is looking for further substantial progress in the current year. Apart from the completion of the closures, which will also release management time to concentrate on profitable activities, benefits will start to come through from the significant capital investment programme, he says.

In addition, the cash position will benefit from the sale of certain assets, thereby reducing borrowings. By the end of 1986 the level of gearing should show a substantial reduction. Interest charges in the past year were an "unacceptably high" £790,000 (£444,000).

Net profit for the year came to £474,000 (loss £533,000) for earnings of 1.81p (loss 3.45p).

The dividend is held at 2p net, as indicated, with an unchanged final of 1.25p.

There were extraordinary profits of £91,000 against losses of £891,000.

The group's products include hosiery, knitwear, underwear, children's socks and tights. It lifted its gross profit from £3.25m to £4.19m; and by reducing its sales, distribution and administration costs by £280,000 it has turned the 1984 operating loss of £45,000 into a profit of £1.17m.

J. Halstead 41% higher at six months

While turnover rose £1.2m to £17.97m, improved margins helped James Halstead Group, flooring and leisure products concern, to lift pre-tax profits by 41 per cent from £1.28m to £1.8m in the half year to December 31, 1985.

Given reasonable trading conditions over last year's second half, the company expects the final result to exceed the previous £3m pre-tax.

Last year's interim profit was after £175,632 losses incurred by discontinued activities. Earnings per 10p share rose from 5.39p to 7.57p and the interim dividend is increased to 2p (1.5p) net.

Narborough Plantations

Pre-tax profits of Narborough Plantations fell from £166,000 to £79,000 in the half year ended December 31 1985. The interim dividend is a same-again 0.5p gross.

Net proceeds of the rubber crop amounted to £161,000, down from £237,000. Oil palm produced £5,000 (£9,000) and cess refunds totalled £11,000 (£16,000). General charges accounted for £133,000 (£171,000). Other income added £61,000 (£106,000). Replanting expenditure took £26,000 (£31,000).

Garton advances 21%

BUOYANT MARKETS and the integration of bolt-making helped Garton Engineering increase pre-tax profits by 21 per cent on turnover up by 12 per cent in 1985.

The West Midlands-based maker of precision engineering components and fasteners reports an increased final dividend of 2.5p net (2p), making a total for the year of 3.5p, against last year's 3p. Earnings per 10p share rose from 9.77p to 12.33p.

On turnover of £13.18m (£11.74m), pre-tax profits came out at £554,000 (£457,000) after interest payable of £268,000 (£230,000).

Mr Aubrey Garton, chairman, says that the integration of bolt-making was carried out during the second half and the hoped-for benefits are being seen. He adds that a further contribution from this area is expected in the present year.

A significant reduction in gearing was achieved by the reduction of duplication in manufacturing and stocks were further reduced, helped by developing computer controls.

The tax charge was little changed at £100,000 (£97,000) and with extraordinary debits of £19,000, against last year's £112,000 group profit came out at £435,000, compared with £248,000.

Klearfold margins rise

Klearfold, the US plastic display company which gained a London listing last January via an oversubscribed offer for sale, has achieved what it regards as its primary goal for the 1985 year—increased margins.

Profit before tax grew by 41 per cent to $1.9m (£1.28m) on turnover ahead 9.5 per cent at $19.6m. Earnings per share were up from 8.8 cents to 14.1 cents, in line with flotation estimates.

On prospects, the company says that with the new manufacturing facility at Louisa, Virginia—expected to commence operations in the middle of the year—going smoothly and an encouraging outlook on licensing, it is well on its way to achieving 1986 objectives.

The financial resources provided by the listing place the company in a strong position to pursue new opportunities for product development and market expansion.

The directors add that the company is actively pursuing the opportunity to secure licensing arrangements for its packaging processes and equipment in a number of countries, and the outlook in this area is very positive.

BOARD MEETINGS

TODAY

Interims:—A.B. Electronic Products, British Car Auction, Close Brothers, Manson Finance Trust, Pinechurch US Growth Fund, Pressac.

Finals:—American Trust, Aquascutum, B.A.T. Industries, Booker McConnell, British Aerospace, Bryant Holdings, W.Canning, Chart Foulks Lynch, Cliffords Dairies, Combined English Stores, Comcap, John Crowther, EBC, Estates and General, Eucalyptus Pulp Mills, Goal Petroleum, HB Electronic Components, Iceland Frozen Foods, Johnson Group Cleaners, Keep Trust, Linread, London and Scottish Marine Oil, Albert Martin, Peninsular & Oriental Steam Navigation, Prudential, Rockware, Southampton Isle of Wight and South of England Royal Mail Steam Packet, Standard Chartered, Sunbeam Wolsey, Tellos, Trade Indemnity, United Newspapers, V.G. Instruments, Wills Group, Wolstenholme Rink.

FUTURE DATES

Interims:—	
Baggeridge Brick	May 14
Christy Hunt	Mar 26
New Cavendish Estates	Mar 27
Share Drug Stores	Apr 10
Tyzack Turner	Mar 26
Ulster Television	Apr 11
Finals:—	
Abbey Life	Apr 2
Alexandra Workwear	Apr 2
Bamrose	Apr 10
Brammer	Apr 1
Bruton Estate	Apr 17
Common Brothers	Mar 27
Hawker Siddeley	Apr 16
Higgs and Hill	Apr 16
Laing (John)	Apr 10
Lyle Shipping	Apr 2
Oilfield Inspection Services	†Apr 10
Spirax-Sarco Engineering	Apr 9
Wayne Kerr	Apr 3

†Amended

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

MANY PEOPLE are attracted by the idea of starting a small business when they retire. Many don't survive, quite simply because they have tried to turn a hobby or interest into a commercial proposition without realising how deep unknown waters run.

Donald McLean is one of the exceptions. Today, an extraordinarily spritely 75-year-old, he and his wife Wendy run a small country house hotel on the Isle of Mull, off the west coast of Scotland. It is a venture which bears witness to 10 years of toil, persistence and imagination.

If there is a lesson to learn from the McLeans' experience it is the value of diligent planning and having a sound sense of purpose. For these factors probably drove the McLeans to hang on when the one—rather major—weakness in their grand plan manifested itself. That weakness was the lack of any promotion in their marketing plan, and until the McLeans identified this omission and took active steps to remedy it the hotel was at times their albatross rather than the retirement dream they originally envisaged.

Donald and Wendy McLean's ambition was first fired by Donald's desire to establish a business which Wendy would be able to take over entirely when he was no longer able to help; Wendy is his second wife and considerably younger than he.

Planning began several years before he retired from his job as a physicist with the Ministry of Defence in 1975. When they began speculating on areas of joint expertise the idea of a small restaurant or hotel began to suggest itself. They had already done a lot of entertaining—by their own choice, at home—when Donald had a spell in the Netherlands on secondment to the European Space Research Organisation contract. And this had led Wendy considerably to develop her already well established culinary abilities.

So the purpose and the concept of their plans became clear. The location of the Isle of Mull was virtually a foregone conclusion because Donald wanted to settle in the land of his forebears (Mull is the home of the Clan MacLean) and Wendy, despite being a Londoner, hankered after Mull's rural environment.

Finding the right property proved less than straightforward. That they eventually settled in 1973 for a total ruin called Druimnacroish, situated in an isolated spot in the Bellart Glen two miles from the nearest village might seem perverse given the logistical difficulties involved in the rebuilding and the subsequent running and maintenance. But it suited the purpose of pro-

Druimnacroish Hotel: marketing effort given focus

Why promotion needs direction

Nicholas Leslie on a hotel's search for custom

viding a small country house hotel in spectacular surroundings. Various factors had first to be checked out before purchase was concluded, though, not least the water rights attached to a spring which runs through the hotel's grounds. This is the sole source of supply.

From the outset the hotel was deliberately aimed up-market—prices are now £45 for dinner, bed and breakfast—since Wendy will not compromise on the standard of food offered. The aim is to provide high quality fare, but not overly fancy.

Funding should have been little problem. The McLeans had their own home and an investment property in Wiltshire which were together worth £70,000 in 1973, when Donald was due to retire. But, persuaded to complete another project, Donald finally retired in 1975. In the interim the property market collapsed and Donald, faced with purchase and rebuilding costs of £98,000, managed to realise only £37,000. Roaring inflation only added to the problem.

Undaunted, the McLeans sold "everything"—including Donald's prized old Bentley and Donald Healey Healey cars (the latter something of a "special"). They were funded by a £23,000 grant and £15,000 loan from the Highlands and Islands Development Board and considerable support from the Clydesdale Bank.

Some professional help was enlisted on the rebuilding (there was little but crumbled walls and no roof to start with). "But we did everything we could ourselves," says Donald. This included wiring, plumbing, plasterboarding and decorating. The building was designed to have seven bedrooms and bathrooms (one more than the minimum requirement for an HIDB grant), together with their own private quarters. Among Donald's innovations is a plastic "bag" enveloping the building between the inner and outer walls. "This means we are completely dry despite the hygroscopic walls," says Donald—an important factor enabling heating to be switched off in the hotel when it is closed in the winter without fear of damage from damp. Donald also sought advice on the interpretation of fire regulations so that he could argue the case for his own internal design features.

Furnishings are a mixture of items brought in Scotland and their own pieces. Fourteeen trips with a van from Wiltshire to Mull, via the Oban ferry, were needed to transport everything and, even after the hotel opened, Wendy was buying some of her supplies, particularly meat, down south because she could not get what she wanted locally. Now, she finds that the general development of Mull as a tourist area has led to a good supply of most of her catering needs.

Three years of hard work (and living in a caravan) saw completion of the rebuilding while they lived on Donald's pension. The doors were opened to the Druimnacroish Hotel in 1979. They began by spending £3,000 a year on newspaper advertisements, but got "practically nothing" in the way of custom. Involvement in the making of a 1980 BBC film on Mull called Eye of the Needle led to their having a good year, but there followed two bad years in which they had only return customers and no new ones and "all my pension went into running the hotel," says Donald. He also acknowledges that, without the support of the Clydesdale Bank in this difficult period, they might not have survived.

Donald now admits that "at the beginning we hadn't a clue how we would sell the hotel to the public." They thought simply that a few newspaper advertisements in such papers as the Observer and Sunday Telegraph would do the trick. But when things got sticky he started to cast around for ideas. He eventually tried to buy a particular position in the British Travel Association's In Britain magazine, but was told he could not specify his preference without being a BTA commended hotel. After one or two mentions in the local Scottish press business picked up a bit. But it was after they were advised to try a London public relations company, Holder Swan, that their marketing effort finally was given focus and direction.

New brochures were designed and printed defining more clearly the market niche to which the hotel aspired. Various, more specialist and focussed, forms of publicity were also organised and the hotel eventually found its way into the Good Hotel Guide, the Michelin Guide and the BTA commended guide.

The result was a substantial upturn in business enabling the McLeans to plan forward with greater certainty. Strangely, perhaps, given the generally poor economic climate of the region, Wendy finds staff something of a bugbear. "Finding staff who are prepared to work with us in the way we want is our biggest problem," she says.

In brief . . .

THE TENTH annual small business teacher training programme to be held during the two weeks starting July 14 at Trent Polytechnic, Nottingham.

Supported by the Manpower Services Commission and National Westminster Bank, the course will include speakers on small business training and education from government and professional bodies. Details from Terry Faulkner or Judy Barson, Small Business Centre, Trent Polytechnic, Nottingham. Tel. 0602 418248, extn 2488.

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MONEY CLINIC 86, an exhibition arranged by Rosters, the financial publishers, is intended for small businessmen who need financial advice.

Experts will be available to advise on anything from tax and choosing a computer, through to pensions or audits. They will be there between 9.30 am and 1 pm at the Selfridge Hotel, Orchard Street, London W1, on Saturday April 12. Tickets cost £2.30 from Caroline Galvin, Rosters, 60 Welbeck Street, London W1M 7HB. Tel. 01-935 4550.

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ANYBODY WHO feels confused by the huge number of guidebooks offering advice on how to start an independent venture will welcome this week's publication of Starting a Small Business—a Select Bibliography.

It includes details of all leading publications on various aspects of getting started in business and can be obtained for £3.50 from Herts Publications, The Hatfield Polytechnic, PO Box 110, Hatfield, Herts, AL10 9AD.

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AROUND 160 franchisors are expected to take stands at the third annual National Franchise Exhibition to be held from October 10 to 12 at London's Kensington Exhibition Centre.

The organisers estimate that some 15,000 would-be franchisees will be attending the event to examine the prospects of joining an industry which represents an annual turnover of £1.75bn. Details from Nicky Stephenson Dresswell Exhibitions, Blenheim House, 137 Blenheim Crescent, London W11 2EQ. Tel. 01-727 1929.

AFTER THE BUDGET

William Dawkins discusses the latest measures from the Chancellor

LAST WEEK'S Budget contained useful nuggets for practically every kind of entrepreneur, ranging from youngsters struggling to exchange the dole for self-employment to established businesses seeking venture capital.

Even if the package appeared to critics to amount to less than the sum of its parts, small business lobbyists got much more favourable treatment than they expected. Moreover, Nigel Lawson, the Chancellor, produced nothing that will make entrepreneurs' lives significantly harder (they are still smarting from the phasing out of capital allowances announced in the 1984 Budget), evidence perhaps that Lord Young's Enterprise and Deregulation Unit is beginning to achieve its task of scotching any potentially anti-business proposals before they reach the statute book.

Life will from now on be a little easier for people starting out in self-employment. They will pay slightly less tax, get cheaper loans and find it easier to obtain help from the Manpower Services Commission.

One of the most popular ways of getting started in business—at least for 121,000 people over the past four years—is through the £40 per week subsidy available under the Manpower Services Commission's Enterprise Allowance Scheme. This is now to be enlarged from 65,000 to 100,000 places annually, making room for more than 1,900 entrants per week—good news for anybody queuing for a subsidy.

Once admitted to the scheme, participants will get fairer tax treatment than was the case until last week, when the EAS subsidy was treated as if it were business income. This meant that recipients could end up paying tax for three years based on profits which included the allowance. Now the subsidy will only be taxable for the year in which it is paid, a change which applies to everybody now receiving an allowance.

EAS participants, like all unincorporated businesses, will get a small bonus from the one percentage point cut to 29 per cent in basic personal tax rates. This would save an EAS entrant just over £20 annually.

The general reduction in base rates which followed the Budget is clearly good news for all business borrowers; however, the smallest ventures will also benefit from the halving in the premium paid for government guaranteed loans from 5 per cent to 2.5 per cent. The premium applies to the 70 per cent portion of Loan Guarantee Scheme facilities backed by the Government, so it comes down to 1.75 per cent net if spread out over the whole loan.

Applicants for LGS loans can expect to get a more welcome hearing than recently from bank managers, who were unwilling to push the scheme until last week because they feared the Government would abandon it. Now that it has been extended for three years, they are more willing to build up their LGS portfolios again.

Further up the small business scale, incorporated companies also get a small tax windfall, with the added sweetener of measures to make it easier for the less asset rich among them to raise venture capital from private investors.

The one percentage point cut to 29 per cent in the small companies' corporation tax rate will save £1,000 for a business making £100,000 pre-tax this year, the top limit for the low rate. That little windfall should be enough to pay an accountant to prepare a modest share offering under the terms of the newly revitalised Business Expansion Scheme.

Small ventures with growth potential will undoubtedly find it easier to attract investors' attention now that the BES, which allows people to offset the cost of buying unquoted equity against their top marginal tax rates, also offers Capital Gains Tax exemptions on share sales.

But any business with more than half of its net assets in land or buildings can from now on forget the BES, unless it wants to raise less than £50,000 per year. Holding goods collected as investments is also out. This is bad news for hotels, wine shippers and antique dealers, but good news for hosts of small manufacturers and high technology companies which will no longer have to compete for BES cash against apparently copper-bottomed investment schemes.

There is, however, one possible catch. If loss making companies in genuine BES businesses find that their non-property assets are reduced in value so that more than half of the venture's worth ends up in property, they could technically be thrown out of the scheme.

Companies with more than 90 per cent owned subsidiaries—even overseas ones—can now join the BES, so ending an exclusion which had frustrated the ambitions of several high technology ventures which needed to work in foreign markets to keep up with competitors.

All these changes are likely to be of most benefit to younger businesses. However, the Chancellor has also produced a carrot for old established family concerns in the form of the abolition of Capital Transfer Tax for gifts made within seven years before the donor's death.

This will be a boon for family companies with ageing managers who want to pass ownership smoothly down to the younger generation. Until last week, such companies faced the threat of having to be broken up or sold to pay the CTT bills arising from such ownership changes.

If they feel like celebrating their survival with a spot of expansion, a more affordable source of labour is being made available through the New Workers' Scheme. This gives a £15 per week subsidy to businesses which take on young people aged between 18 and 19 at wages of £55 per week or £65 per week for 20-year-olds; a measure which will be of particular value to small retailers needing unskilled help.

At the top end of the wages scale, the Chancellor has removed some of the paperwork associated with benefits received by directors and the highly paid. A quick survey of small business lobby groups suggest that few employers have ever heard of form P11D(A), which requires them to list the names and National Insurance numbers of higher paid staff and directors not receiving taxable benefits in kind. However, they will no doubt be glad to hear that this bit of red tape has been scrapped.

The only disappointment for all but a minority of the small business lobby was that Lawson did not do more to increase the annual sales threshold at which businesses must register for VAT. The rise he announced from £19,500 to £20,000 is in line with inflation, but well short of widespread demands for a £100,000 threshold. On that matter, his hands are tied by the European Community, which would like if anything to see the British VAT threshold come down.

هكذا عينة الأصل

Business Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Franchises

Businesses For Sale

Business Wanted

Business Services

Office Equipment

Computers come to rescue of Japan's bus system

Roy Garner, in Tokyo on how big cost savings and an improved service have been achieved

JAPAN'S bus companies, faced with declining revenues as passengers turn to improved and speedier underground railway services, have been looking to new technologies as a means to win back custom and cut overheads.

As a result, many travellers are now benefiting from such amenities as bus stops which provide computer-processed information on the expected arrival times of approaching buses, and the synchronisation of bus departures and train arrivals; no longer will a late-running train lead to missing the last bus home.

The bus companies are also finding the detailed "time and motion" data provided by the systems to be an invaluable tool in streamling their operating procedures, both on routes equipped with monitors and on normal routes for which these can serve as a model.

Efforts to improve the lot of the bus traveller were spurred by a 1977 directive of the Transport Ministry which stressed the need to halt the decline in bus usage. The ministry recommended the development of comprehensive information services for bus users, complemented by improvements in street planning, including the widespread introduction of bus lanes.

Three companies have been involved in the development of these "Comprehensive Transit Control Systems" (CTCS): Matsushita Electric, Simitomo Electric Industries and Omron Tatelsi, with current market shares of around 60 per cent, 30 per cent and 10 per cent respectively.

Although a system controlling a route with around 20 stops costs upward of Y1bn ($11.4m) manufacturers claim a 10-15 per cent increase in bus usage and considable savings on personnel, notably schedule-planning staff. The bus companies, mindful of sensitive labour relations, decline to give precise figures on these reduced staff requirements.

Although there are detail differences between the equipment of the three makers the transit control systems are all basically comprised of a central processing unit located at the bus depot and an assortment of transmitters, receivers and monitors located either on the buses or at the bus stops.

All operations, including the sending of instructions to vehicle drivers are handled by the central computer, which requires only one supervisor.

Fixed on-road receivers are mounted on poles which are over the road at bus stop sites. These pick up signals from bus mounted transmitters which give such information on the vehicle as its route number and destination and the identification card number of the driver.

This information is fed in real-time via the central processor, which controls information provided on the display panels contained in each bus stop. These panels variously indicate the arrival of buses at up to three previous stops, the number, destination and order of arrival of approaching buses and the time elapsed since the previous bus passed.

The central processor can also gather information on the volume of passengers handled by individual buses and monitor the working hours of drivers.

In the driver's cab a display unit can flash up to seven different instructions, such as "slow down," "speed up" or "contact the depot."

In a recent innovation in Yokohama and Tokyo the driver also receives information on the arrival of trains at underground stations, allowing for the bus to be ready and waiting for its alighting passengers.

Alongside the transit control systems, bus operators have introduced new-look vehicles offering greater passenger and driver comfort, as part of an overall effort to boost the flagging image of bus travel.

The Transport Ministry reviewed the efficiency of these computerised systems in 1983 and concluded that the average public bus company could save Y500-600m annually by introducing the technology, after an outlay per total system of some Y1.5bn.

It is mainly public systems which have introduced computer control so far, the financially hard-pressed private firms remaining sceptical as to whether such cost-efficiency can be achieved in the time, and unsure as to how staff cuts can be implemented smoothly.

Makers are keen to export their systems and say enquiries have been received from a number of city authorities in countries which include the US New Zealand and Singapore. The export market is considered difficult, however, as the extensive and costly support facilities required would be prohibitively expensive.

But the Japanese can claim to possess the world's most expensive bus stop. This is to be found at Osaka international airport bus terminal providing information on a large number of routes serving the airport. It cost Y2m.

Digital dictation is central for an increase in efficiency

WORTH WATCHING

EDITED BY GEOFF CHARLISH

DIGITAL DICTATION for centralised use by larger companies is being made available in Europe by Harris Corporation in the US.

System IV can be used 24 hours a day, seven days a week, from any telephone in the world. The user just rings in and with verbal assistance from the controlling computer, dictates his material down the line. The speech signals are digitised and recorded in a rapid access magnetic disk store which can hold up to 20 hours of dictation.

Later, the dictation can be allocated to specific audio typists through a management control console which handles workflow and routeing automatically.

Harris claims important advantages over conventional tape cassette machines. There are no cassettes to be lost, documents can be erased quickly, there is no rewinding and no tape degradation. Furthermore, there is no further expenditure on recording media once the system has been installed.

Typists can go immediately to any point on the disk and they can control the speed at which work is replayed to them. The system costs about £2,000 a month to lease in the UK. More on 0734 698787.

SAVING BIBLES is not a routine activity at Harwell, but recently the British Atomic Energy Authority labs were asked to rescue a 17th century lectern bible that had been saturated with water due to a leak in a Warwickshire church.

The book was quickly wrapped in polythene and put in a deep freezer to prevent further deterioration or bacterial growth. At Harwell, the water was removed, without the application of heat, by putting the bible in a chamber in which pressure was reduced to about two per cent of atmospheric. The 40 lb book dried out in two weeks leaving little visible marking. During this time some four gallons of water was removed.

DIETHYLENE GLYCOL, the anti-freeze agent which has been found in some European wines and caused the 1985 scandal, can be detected in concentrations as low as 10 milligrams per litre using a method developed by the Hewlett Packard Instrumentation Group, Bracknell, UK.

The company's 5890A gas chromatograph is used in conjunction with another HP instrument, the model 5970B mass selective detector.

The wine sample is injected directly, without pretreatment or separation and the company claims the method is quick and easy to carry out as well as highly accurate. More on 0344 424898.

CUSHIONING MATERIAL made from Dow Chemical polyethylene foam can be thoroughly tested in packaging component form using a service to be offered by Dow in Europe.

The US company has launched a new mobile testing service so that drop tests can be carried out by salesmen, working out of Paris, London and Frankfurt, at any location convenient to customers and fabricators. More from Dow Chemical Europe in Horgen, Switzerland, on 1 728 2111.

CASH THEFT becomes difficult with an alarm system from a UK company called Transalarm (0579 83383).

The money is carried in a bag containing a small radio receiver which normally receives a signal from a belt-mounted transmitter worn by the person carrying the cash.

However, if the two are separated because a thief has snatched the bag, the received level drops causing a sharp audible warning to be triggered and a staining dye cannister is activated within the bag, marking the notes. In addition, pink smoke pours out, marking everything and everyone it reaches. Called S-100, the system costs £315.

FINNISH MOBILE communications company Mobira, part of the Nokia group, has developed a hand-held cellular radio unit which it claims is lighter, smaller and easier to hold than any other unit currently available.

Weighing only 750 grams, and called Cityman, it can be used on either of the UK's Cellnet and Vodafone cellular radio networks. In the UK, Mobile is in Cambridge on 0223 862762.

Fresh fields for Mowlem offshoot

By Geoff Charlish

IMPROVED combinations of modern sensors, microprocessors and software are opening up new horizons for ELE International, the Hemel Hempstead, Hertfordshire, instrumentation company.

ELE is part of Mowlem, the UK-based international civil engineering group with £400m of sales which, like most of the construction industry, has been having a harder life as large scale Middle East contracts become scarcer.

The instrument company has been providing soil mechanics expertise and measurement assistance to the civil engineering industry for 25 years and although that still accounts for two thirds of sales, the proportion has been dropping. "The market is flat," says Mr Philip Beck, chairman of Mowlem. So the company has been diversifying.

Over 85 per cent of ELE's sales are overseas and one of its latest products, a drinking water quality meter, is aimed mainly at third world countries. Called Paqualab, it costs £3,250, is about the size of a large portable radio and allows both chemical and bacteriological analyses.

In the field it is initially used to determine chlorine content which, if sufficient high, indicates that the water is safe to drink.

If no chlorine is present, the water's electrical conductivity and clearness is measured. If these are high enough, bacteria are likely to be a problem. To confirm, the water sample is filtered and the bacteria, trapped on a filter membrane, are incubated at temperatures that will indicate the source of the "bugs"—usually human or animal excreta.

ELE sees an additional market for the instrument in Europe, where the EEC has laid down standards for coastal sea water pollution from sewage outfalls.

On land, particularly in the UK, many city sewers are wearing out, with the prospect of seepage into ground water. In all, ELE hopes to sell 500 Paqualabs a year.

On a fresher note, the company has developed a "brainy" automatic weather station that is interesting farmers and fruit growers.

As well as reducing the cost of such stations from £4,000 to about £2,000, ELE has incorporated a microprocessor which can be programmed to identify levels of say, temperature and humidity that are known to give rise to specific plant diseases. The farmer is alerted and can apply sprays or take other actions before it is too late.

Although aimed at farmers and growers, the station can provide routine measurements and weather records at low cost, over a phone line to another location if necessary. Air and soil temperature, humidity, rainfall, surface wetness, windspeed/direction and daylight length can all be measured.

The company has chosen to diversify in its efforts to counter a flat market for its traditional products

On a wider basis another subsidiary at Hemel Hempstead, Mowlem Microsystem, has developed a small box of electronics called ADU (autonomous data acquisition unit). This can be connected between as many as 64 sensor outputs and virtually any desk top computer, to order.

A microprocessor in the ADU is programmed to carry out measurements in any sequence and manipulate and display them as desired. The company already has over 100 customers, one of which is the British Standards Institution which is using it to obtain impact test results on safety helmets, in minutes instead of hours using paper methods.

Only half of ELE's sales are of products it has originated itself. The rest of the company's £9m sales are of instruments and systems from some 300 UK companies that are thus able to benefit from a network of 80 distributors abroad that most of them could never afford to set up individually.

FT COMMERCIAL LAW REPORTS

Unpaid dividends are not a loan

IN RE LB HOLLIDAY & CO LTD
Chancery Division: Mr Justice Mervyn Davies: February 28 1986.

ACCUMULATED UNPAID dividends do not become a "loan" for the purpose of claiming in a liquidation in the absence of express or implied agreement between the company and shareholders or recognition of a loan situation.

Mr Justice Mervyn Davies so held when refusing an application by Holliday (Holdings) plc against the liquidators of its subsidiary, LB Holliday & Co Ltd, for an order reversing their decision to reject its proof of debt in the liquidation.

Section 212 (1) (g) of the Companies Act 1948, now section 502(2)(f) of the 1985 Act, provides: "A sum due to any member of a company, in his character of a member, by way of dividends . . . shall not be deemed to be a debt of the company payable to that member. . ."

HIS LORDSHIP said that Holdings was beneficial owner of all the issued shares in the subsidiary.

In March 1982 a resolution was passed for the voluntary winding-up of the subsidiary. One of the directors wrote to the prospective liquidator asserting there was a "loan outstanding" due to Holdings from the subsidiary, of £3.5m.

On June 10 1983 he wrote again formally submitting Holdings's claim for £3.5m, said to be made up of "amounts due in respect of . . . dividends."

The liquidators rejected the claim on the ground that the £3.5m was due to a member of the company in its character as member and, under section 212 (1) (g) of the Companies Act 1948, was not deemed to be a debt.

Holdings applied to the court contending that the ground for rejection was unsatisfactory. It said that the £3.5m, at commencement of winding-up, was due to it in its character as lender, not as member.

The evidence was that in 1972 the subsidiary had accumulated reserves, and it was decided to declare a special dividend of £999,975, which could be capitalised by way of bonus issue.

Holdings was advised that since the dividend was not required for its use, the cash could be lent to the subsidiary. A cheque for £999,975 was drawn on the subsidiary and paid to Holdings. On the same day Holdings provided a cheque in the same sum for the subsidiary.

It was decided that in future dividends in the hands of Holdings would be available to lend to the subsidiary where there was need for expansion.

Year by year dividends were declared in Holdings's favour. They were not paid over but were retained by the subsidiary for use in its trading activities.

Holdings said it was plain from the accounts that the dividends payable to Holdings were treated as a loan back to the subsidiary. The liquidator said there was no lending back and that the dividends were simply left unpaid.

The question was whether the dividends declared since 1972 were to be regarded, at date of winding-up, as sums due to Holdings in its "character of a member, by way of dividends" within section 212(1)(g), or whether they changed their character so as to be claimable as debts.

It was for Holdings to establish that the money was due to it otherwise than in its character as member. To get out of the grip of section 212(1)(g) it must show that the unpaid dividends were the subject of some agreement, express or implied, between Holdings and the subsidiary; or that Holdings must, with the passage of time, be taken to be in the same position as if the dividends had been paid and paid back as a loan—in other words, recognition necessarily of a loan situation.

Miss Williamson, for Holdings, submitted that there was some agreement: the dividends were to be held by the subsidiary on the understanding they were deemed to have been paid and paid back. The fact that no actual payments were made either was explained by saying that circuity of action was unnecessary.

There were difficulties in accepting that submission.

The first was as to evidence of agreement. Miss Williamson accepted there was no express agreement, but relied on agreement to be implied from the adopted policy and the course of dealings between the companies.

One would not expect a holding and a subsidiary company to bind themselves by contract in a matter of this nature. There were no minutes or documents or either company which suggested there was any binding agreement.

The court declined to infer any agreement between the companies.

The second difficulty was that even if there were an agreement, it would be unsupported by consideration.

The third difficulty was the effect of the deemed or notional payment.

It was accepted that it was unnecessary when there were mutual debts to pay and repay cash. Book entries might be made giving rise to credit or debit.

In *Spargo 8 Ch App 407* Lord Justice Mellish said that "where a transaction resolves itself into paying money . . . then handing it back . . . if the parties agree to set one demand against the other, they need not go through the formal ceremony of handing the money backwards and forwards."

But to strike a balance that way must involve the use of real sums of money.

In the present case the first "loan" was said to be the £999,975 paid by cheque. But it could not be said in truth that Holdings ever received that sum so as to be in a position to lend it back, because when the subsidiary drew its cheque it was without funds and without sufficient overdraft facility at its bank to honour the cheque.

In those circumstances it was permissible to take the view that in law (as opposed to banking entries) no payment of £999,975 ever left the subsidiary. If that were so, the money did not reach Holdings and Holdings never lent it back.

For those three reasons, Holdings could not base its claim on any agreement.

In connection with recognition, one must examine how the dividends had been treated. If the dealings over the years necessarily made it reasonable to assume that the parties ought to be regarded as being in a loan situation, the court should recognise that and accept there had been a change from unpaid dividends to loan.

As years passed there must be a tendency to regard a long unpaid dividend or series of dividends as money left on loan. Also, all concerned in the affairs of both companies had acted throughout in good faith. Nothing was done with the intention of defeating section 212(1)(g) or any other improper intention.

It was a fact that the dividends were sometimes referred to as "loans" in the published accounts, and were recorded by both companies in accounts entitled "loan accounts."

Against those considerations in favour of change, the following considerations suggested no change:

(1) There was never any demand by Holdings for payment, and it was difficult to see that the subsidiary ever had the cash to meet a demand had one been made.

(2) While the sums owing to Holdings were recorded in "loan accounts," that might be a misnomer because the accounts were not general loan accounts. They were merely a record of unpaid dividends.

(3) No interest was paid. One would expect a loan to bear interest.

(4) The bonus issue could have been made whether the £999,975 was money lent or was unpaid dividend.

(5) Neither company had minutes or documents which referred to any change in the character of the unpaid dividends.

(6) All or some of the balances shown in the subsidiary's loan account were not true balances but notional balances framed on an expected declaration of dividend.

(7) The liquidators produced a document which showed that from 1972 onwards the borrowing limits on the subsidiary were exceeded if unpaid dividends were regarded as a loan.

(8) The letter of June 10, 1983 claiming £3.5m referred to dividends, not a "loan outstanding" as did the letter of March 1982.

Reviewing all those considerations, the court could only conclude that Holdings was not entitled to escape section 212 (1) (g). There had been no change or transmutation. The answer was in favour of the liquidators.

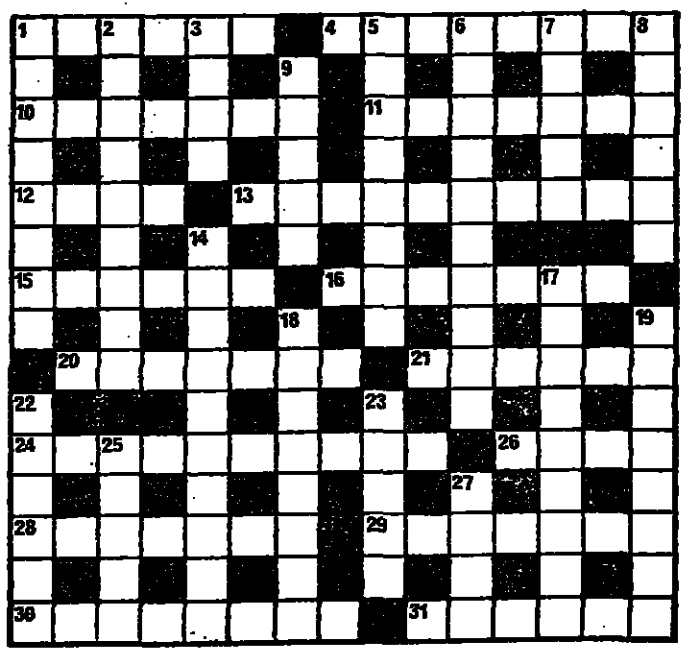
For Holdings: William Stubbs QC and Hazel Williamson (Sebastian Coleman & Co).

For the liquidators: Michael Lyndon-Stanford QC and J. D. Martineau (Wm F. Prior & Co).

By Rachel Davies
Barrister

THESE REPORTS, together with full texts of judgments, are published in monthly volumes. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

F.T. CROSSWORD PUZZLE No. 5,981



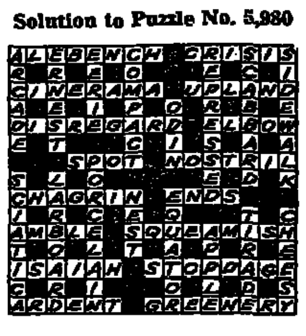
ACROSS

1 Chinese takeaway counter ? (6)
4 Directions on a ship for finding the coast (8)
10 Not a particular person (7)
11 Drain a pipe (7)
12 Cut a prison term (4)
13 Saw *nothing new in* an honest feller ! (10)
15 Make a mistake and run for it (6)
16 Pile made by industrious workers (3-4)
20 Endlessly longing for a headache cure (7)
21 When in a hole, use your ingenuity (6)
24 Tina in mood that's awkward, gets a warning (10)
26 A French veto soon (4)
28 French boarding house appreciated by the retired (7)
29 American city fashionable in the past (7)
30 Looked very worried in ill-used garb (8)
31 It's used for pounding with a mortar (6)

DOWN

1 Gave Bill the O.K. (8)
2 Soldiers in camp—sorry, on manoeuvres (4, 5)
3 A superior preposition (4)
5 It has a thick skin, rougher than peel (8)
6 Where to yawn, when it's late (10)
7 He has reached his majority—and is in the majority (5)
8 Saying when ? (6)
9 Pole taking meat around for sale ? (5)
14 A brave line to adopt (6, 4)
17 Be prone to ambush (3, 2, 4)
18 One keeps it in reserve (8)
19 Phaeton's rebuilt as a carriage for one (8)
22 The academic field (6)
23 Bus—or train (5)
25 Unusual Roman dwelling house (5)
27 *Heap of carpets* (4)

Solution to Puzzle No. 5,980



APPOINTMENTS

Co-op Bank senior posts

The CO-OPERATIVE BANK, Manchester, has appointed **Mr James Barge** as executive director (city) and **Mr Peter Layhe**, as executive director (finance). They were general managers. Mr Barge is chairman of the International Chamber of Commerce's commission on banking techniques and practice.

★

LUCAS INDUSTRIES has appointed **Mr Jack Fryer** as group director — product technology in succession to **Dr B. A. Jarrett**, who is retiring later this year. Mr Fryer joins the group from Rank Xerox in April and takes over full responsibilities from Dr Jarrett on July 1, when he becomes a member of the Lucas executive. As director and chief engineer at Rank Xerox, Mr Fryer was responsible for the design, development and pilot plant manufacture of the 1045 family of copiers.

★

MACDONALD MARTIN DISTILLERIES has appointed **Mr Anthony J. Burnet** as export sales director. Mr Burnet, who has been a director of subsidiaries Macdonald & Muir, and James Martin & Co since 1979, is responsible for the sales of all the *Macdonald Martin portfolio* of brands in the American and tax-free markets.

★

Dame Jennifer Jenkins, who retired as non-executive director of Sainsbury's on March 22, is to become chairman of the NATIONAL TRUST on April 1. Dame Jennifer joined the Sainsbury board in 1981, having previously been chairman of the Consumers' Association from 1965-1978 and chairman of the Historic Buildings Council for England since 1975. **Mrs Diana Eccles** has joined the Sainsbury board as a non-executive director. Mrs Eccles is vice-chairman of Durham University Council, a member of the Widdicombe Inquiry into *Local Government*, a director of Tyne Tees Television and vice-chairman of the National Council for Voluntary Organisations.

★

CROWN HOUSE has appointed **Mr Vincent Underwood** managing director of W. J. Furse & Co. **Mr Paul Ludlow** becomes a director, responsible for Furse Engineering. **Mr Alan Miles** has been appointed deputy managing director of Dema Glass, UK tableware division of Crown House.

★

Mr Peter Luff has been appointed deputy managing director of GOOD RELATIONS PUBLIC AFFAIRS, a subsidiary of Good Relations Group. He will have special responsibility for co-ordinating international political communication assignments between London, Washington, Brussels, Ottawa and Tokyo.

★

Mr Joe L. Allbritton has been appointed a deputy chairman of AP BANK. He is chairman and chief executive office of both Riggs National Corporation and The Riggs National Bank of Washington, DC.

CONTRACTS

£11m orders for Mansell

R. MANSELL, Croydon, has been awarded a variety of contracts totalling over £11m for refurbishment, new build, repairs, maintenance and minor works. Largest is conversion of the Flying Angel Seaman's Hostel in Victoria Dock Road, E16, into 41 self-contained flats under a con*tract worth nearly £2m for Look* Ahead (Beacon Hostels). Work is due to start on March 3 and take 80 weeks to complete. Work on this 8-storey 1930's building includes provision of staff accommodation, laundry, kitchen, TV and games room, general communal facilities and replacing all windows. For the London Borough of Tower Hamlets the company is carrying out £1.3m structural repairs and improve*ments* to Sivill House, a 22-storey block of flats, in Colombia Road, E1, involving re-roofing, repairs to exterior concrete and brickwork, and replacing of all windows and doors. Work has started and is due for completion in February 1987.

★

JOHN NUGENT CONSTRUCTION has won contracts worth £4m. These include £1.4m for works to the cargo area and offices of Lufthansa German Airlines at the Cargo Village, Heathrow; a £1m contract for the Bartle, Bogle and Hegarty headquarters at 24-27 Great Pulteney Street, W1; and a £350,000 contract for fitting out an office building for the National Coal Board at Harrow. The special works division has contracts totalling £1m from clients including Barclays Bank, Property Services Agency, Church Commissioners, Bank of *Credit and Commerce*, and British Rail at Waterloo Station.

★

A £4.3m contract to build a materials warehouse, technical engineering centre and vehicle workshop in Southampton, has been awarded to **TAYLOR WOODROW CONSTRUCTION** by British Telecom. Work has started on the town's Nursling Industrial Estate and is scheduled for completion in December. The contract calls for a single-storey materials warehouse of 4,450 sq metres and a two-storey office and facilities block. The adjacent single-storey vehicle workshops and technical engineering centre will have a floor area of 2,450 sq metres with stores and offices. Both buildings will have structural steel frames on mass concrete stanchions bases, reinforced concrete ground beams and reinforced concrete ground slabs. Cladding will be insulated finished steel sheets. Service roads, yards, storage areas, parking, landscaping, fencing and drainage are included.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd	87.9	93.6	-0.4	2.36
Accum Units	129.9	138.2	-0.6	2.36
Pearl Inc.	119.8	127.4	+1.1	3.95
Pearl Unit Tst	126.6	134.7	-0.9	3.08
(Accum Units)	216.7	230.5	-1.6	3.08
Pearl Intl Equity	118.6	126.2	-0.7	1.66
(Accum Units)	118.6	126.2	-0.7	1.66

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	254.6	273.2	-1.6	1.22
Income	188.9	202.3	+1.0	4.98
Worldwide Recovery	142.5	153.0	-1.2	1.88
American Growth	69.0	74.1	-0.1	0.96
Intl. Emerging Cos	77.9	83.7	+0.4	0.60
Far East Growth Fd.	61.4	65.9	+1.2	1.05
European Growth Fd	54.5	58.5	-0.4	2.00

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	55.6	59.1	+0.2	4.86
Prolific Far East	140.7	151.3	+0.8	0.04
Prolific Extra Inc	81.7	86.6	-0.1	5.01
Prolific G'ent & Gilt	97.0	102.9	+0.4	5.78
Prolific High Inc	176.5	187.2	-0.5	4.02
Prolific Intl	103.4	111.2		1.28
Prolific N. Amer.	137.8	148.2	-0.4	2.08
Prolific Spec. Sits	199.4	211.5	+0.5	1.22
Prolific Technology	114.2	122.8	+0.2	0.60

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	64.8	69.0	+0.9	0.00
Japan Acc.	64.9	69.1	+0.8	0.00
Worldwide Inc.	64.7	68.9	-0.6	1.41

INSURANCES

هكذا عنه الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U S dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	24	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	Wellcome	19
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Sec	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brit Oil & Min	3½
Hanson Tst	19	Brit Petroleum	45
Hawker Sidd	36	Burmah Oil	27
ICI	42	Charterhall	4
Imps	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	16
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page

Currency boost for Australian mine output

By Kenneth Marston, Mining Editor

AUSTRALIA'S mine production rose afresh last year, according to figures from the Bureau of Mineral Resources.

The great iron ore mines of Western Australia benefited from a continued increase in demand from overseas customers, notably in the developing Asian countries, and total output of iron ore rose to a record 100m tonnes from 88.97m tonnes in 1984. The previous record was of 95.5m tonnes in 1980.

Production of aluminium also reached a new record, increasing to 851,286 tonnes from 757,798 tonnes, while the production of copper contained in concentrates moved up to an estimated 258,000 tonnes from 236,040 tonnes.

Nickel output increased to 85,000 tonnes from 76,889 tonnes, largely as a result of an increase to full capacity working at the loss-making Greenvale mine in Queensland of Metals Exploration and Freeport McMoRan.

Production of lead rose to 491,000 tonnes (440,676 tonnes) and that of the associated zinc increased to 734,000 tonnes (658,664 tonnes) after the previous year's labour troubles at the Broken Hill mines in New South Wales and also in Tasmania.

For the most part, however, the Australian non-gold operations owe much of their progress to the weakness of the Australian dollar which results in higher domestic revenue from US dollar-priced products. Any significant change in this beneficial currency relationship would severely erode their competitive position with other world producers.

The North American base metal miners do not have this exchange rate advantage, but are learning to live with low metal prices in real terms by a severe cutting-down of unit costs, a notable example being the US copper-producing Phelps Dodge which is now operating profitably after past heavy losses.

Such cost-reduction and productivity increasing measures at the mines inevitably involve major changes in work practices on the part of workers together with a reduction in the numbers employed. They might well be vigorously opposed in Australia.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)

	(tonnes)
Aluminium	−1,025 to 171,200
Copper	−875 to 157,375
Lead	+425 to 59,850
Nickel	+6 to 6,348
Tin	−725 to 68,420
Zinc	−400 to 48,125
	(ounces)
Silver	+132,000 to 40,812,000

● THE NEW 230,000 tonne per year Becacour taluminium smelter in Quebec, Canada, is to be brought on stream on April 20, one month before the original schedule, Mr Manley S. Schultz, president of Albecour Incorporated of Quebec, announced in Kingston, Jamaica, yesterday, writes Canute James.

The plant is owned by Pechiney of France, Alumax of the US and Le Groupe SGF of Quebec. Its output will be the property of the owners, Mr Schultz said.

India launches scheme to cut farm loan defaults

BY JOHN ELLIOTT IN NEW DELHI

THE WORLD Bank has persuaded India to launch a major campaign to improve the low level of repayment of agricultural loans in return for being granted a new tranche of the Bank's agricultural credit totalling $375m.

This is the fifth line of agricultural credit approval by the bank for India, but its introduction was delayed 18 months ago because the bank was not willing to commit fresh funds till credit control and repayment systems were improved.

Repayments by farmers to agricultural banks average only about 50 per cent of loans made and in some districts the figure is as low as 4 per cent. But the figures have improved significantly after a few months of a pilot project run by the Bank.

"In earlier agricultural aid projects supported by the World Bank in India the production objectives were largely achieved. But the dramatic growth in credit has stretched the institutional capabilities and there is now a clear need for a strengthening of the financial institutions through which credit is channelled" says the Bank.

A network of agricultural banks ranging from 94,000 generally inefficient co-operatives to commercial banks, refinanced by the National Bank for Agricultural and Rural Development, lent Rs 58bn ($4.4bn) in 1984-85, a figure expected to rise to Rs 125bn in 1989-90.

The Indian Government has agred to a fundamental review of the agricultural credit system and a scheme which from July 1 will reduce the flow of refinancing funds by as much as 75 per cent to bank branches whose customers have bad defaulting records.

Many farmers default on their loans when their crops fail because of drought or other setbacks. This problem is being tackled by the Government with a crops insurance scheme which is being expanded across the country having started in 1984 in 12 states for over 600,000 farmers. Rice, wheat, millets and pulses and oilseeds are covered initially in the scheme which is run by the General Insurance Corporation.

Other farmers default because they borrow around Rs 30,000 for tube wells and run out of money before they have drilled deep enough to find water. Such cases are being reviewed under the World Bank project and potentially successful wells will be given fresh fund.

Non-payment is sometimes encouraged by local and regional politicians at election and other times. Big landowners also often refuse to repay loans of Rs 100,000 or more for tractors, believing they wield sufficient local power to avoid any penalties.

The World Bank's project was initially launched in three districts of Maharashtra, Gujarat and Madhya Pradesh at the beginning of last year and is now being spread to 17 other districts under the $375m agreement at a cost of $25m.

Repayments improved in two of the districts after only a few months work. In Aurangabad, Maharashtra, repayments of only 39 per cent in 1983-84 rose to 53 per cent in 1984-85, despite severe drought in many villages. Similarly in Hoshangabad, Madhya Pradesh, the figure rose from 42 to 54 per cent. In Sabarkantha, Gujarat, where extensive communal riots could have severely reduced repayments, the level only dropped from 65 per cent to 62 per cent.

The project is based on the training and visit system for agricultural extension work developed by the World Bank in India with a pyramid structure of experts reaching down to individual villages.

Each bank branch is allocated one field officer for every 500 accounts. The World Bank is lending the field officer money to buy a motor bike and it is his job to develop a close consultative relationship with farmers who he visits according to a set programme. A development officer covers every six field officers and a senior development officer for every six development officers.

In addition, banking procedures are being introduced and streamlined to reduce problems for customers and to start regular monitoring of accounts.

Sudan barters surplus cotton

BY JOHN MURRAY BROWN IN KHARTOUM

SUDAN, Africa's second biggest cotton producer after Egypt, is resorting to barter deals with East Bloc countries in a bid to off-load large unsold quantities.

An agreement worth $130m was signed last week with Rumania under which cotton is used as part payment for services supplied to Sudan's agricultural and industrial sectors. Negotiations are also understood to be underway with the Soviet Union and East Germany.

Barter arrangements, effectively subsidising cotton sales, were earlier banned by Sudan's new government after criticism of the handling of similar deals by former President Jaffar Nimeiri.

Reviving the practice reflects government concern at Sudan's chronic trade position. Failure to sell last year's 600,000 bale crop is set to depress the market for this year's estimated 400,000 bale crop, due in the next few weeks.

Even with the current downward trend in world prices, the stockpile is worth an excess of US$500m. This further strains efforts to service the country's massive US$9bn foreign debt. Cotton is Sudan's principal export earner.

Earlier moves introducing cross rates, whereby customers pay in a variety of currencies, did little to boost sales.

One Khartoum trader last week blamed the government's refusal to adapt its marketing policy for the present crisis, pointing out that Egypt, Sudan's one competitor in production of the high quality long staple cotton, is reporting improved sales at higher prices.

A recent government tender of 200,000 bales received offers for only 30,000.

The US Agency for International Development has long argued that with costs of inputs such as fuel and insecticides spiralling, cotton's net profitability has come under pressure.

Sudan's export potential, USAID maintains, now lies in food production in the rainfed sector.

After good rains this year, farmers are expecting record surplus figures for sorghum, the country's staple food.

Australian wool market stages pre-Easter rally

BY PATRICIA NEWBY IN MELBOURNE

AUSTRALIAN WOOL prices, which had been declining since the new year, rallied last week on the eve of the three week Easter recess in the selling season.

Strong buying from Europe supportd by China pushed up some merino types by as much as 7 Australian cents a kilo clean. The market indicator rose 3 cents to 529 cents a kilo on the first day of last week's auctions and held steady all week.

The rally will be good news for wool growers, who have been expecting the market indicator to rise for the past few weeks although it has actually been steady or declining.

In spite of the fall in the Australian dollar over the past 12 months and a 17 per cent increase in wool sales during 1985, prices have remained well below the 555 cents a kilo (clean) predicted by the Australan Bureau of Agricultural Economics late last year.

The market indicator peaked in May last year at 586 cents a kilo and started the new selling year in July at 561 cents. By Christmas it had declined to 525 cents and, apart from an early New Year rally, fluctuated around that figure until last week.

Good demand at London tea auction

THERE WAS good demand at London's weekly landed tea auctions yesterday, the Tea Brokers' Association of London said, reports Reuter.

Selected Assams often gained several pence, while plainer sorts with poor leaf were sometimes cheaper, with buyers following quality.

Bangladesh offerings sold readily at around last week's levels.

Selected brighter Africans and coloury mediums were dearer, but others were irregular and at times easier. Ceylons met strong competition and were often dearer. Offshore teas were generally fully firm with demand good and general.

Waiting for the fat years

FARMER'S VIEWPOINT

By John Cherrington

"THE ONLY good news I can offer to European farmers is that they are not involved in a trade war with the United States. The bad news is that it will look like a trade war as the farm subsidy regimes of both the US and the EEC are overwhelmed by the rising success of the world's other farmers."

The speaker was Mr Dennis Avery, senior agricultural analyst of the US State Department in Brussels recently. His main argument is that the application of modern technology to farming in the way of plant breeding, irrigation mechanisation, fertilisers and chemicals has made nonsense of the traditional patterns of trade. Self-sufficiency in food is the aim of most governments and an increasing number of states which have achieved this are beginning to look for markets on which to unload the inevitable surpluses.

It is well known that the technique of hybridising maize has increased yields almost four fold. Wheat is a rather harder crop to hybridise but in France and the US some quite satisfactory results have been achieved and the seeds are now coming into commercial use. Mr Avery does not see how farmers can possibly abstain from yield increases as a matter of principle. It costs almost as much to cultivate a field to produce one tonne an acre as to produce three tonnes.

He noted that Spain and Portugal, substantial importers of US feed grains, are now turning their dry lands to the Australian system of following grain with a legume, probably alfalfa, instead of the traditional grain and fallow. This process, he believes, could increase the yields of grain and forage to make the Iberian peninsula self sufficient. He went on to quote examples from every area of the world, including Africa, the only remaining food problem area.

His views coincide so closely with my own observations over the last few years that if I had the courage of my convictions I would sell my farm and live out my days in Budleigh Salterton, or some such place. But then, while talking to Mr Avery in London last week, I thought about an experience I had in Canada about 15 years ago.

At that time Canadian farms were piled high with unsold grain, in fact some farmers were paying for their groceries and college bills with sacks of wheat.

The Canadian wheat farmer is completely co-operativised as far as wheat selling is concerned. The Wheat Board does all the selling and farmers do not really know what they will receive until the end of the selling year. It would not suit me as a free enterprise farmer used to doing my own thing.

But then since 1931 there has been a guaranteed price for wheat for all British farmers, which is a factor in our disdain for things co-operative.

Anyway, while in Canada I interviewed the then chief commissioner of the Wheat Board, Mr John Macnamara. When I suggested that I had heard critical noises about the Board in the prairies he asked me if I had read the Bible lately. Did I remember the story of the seven fat years and the lean ones that followed?

Then I must be aware, he insisted, that although his farmers were going through a lean time at the present, a good time was sure to be coming soon. This was a most comforting philosophy for a man who was not actually involved in farming himself, but not much comfort to a farmer who had to barter grain to buy petrol for his car.

Mr Macnamara was proved right, however. Within a couple of years the Russians bought the US grain surplus in a pretty fly deal, and this set off the price and production surge worldwide, that creating the present problems which according to such as Avery and myself, cannot be solved by the market mechanism.

Wondering if the Canadians still believed in the Macnamara theory I telephoned the Wheat Board's London office to enquire. According to Mr Paul Westdal, their London representative, they still do. The Board, he told me, took the long view, studied population growth and demographic change and reckoned demand would appear again as it always had. He did admit though that the subsidised competition that they were encountering from the EEC, the US and elsewhere in world markets was most serious and unprecedented. But he thought the excellent quality and presentation of Canadian wheat would win in the end.

This of course is the only view that a marketing concern like the Board could take. But in maintaining it, the central fact of the situation is being concealed. This is that the cereal trade worldwide is in irreversible decline. You should remember that as far as North America is concerned it has been only a 100-year phenomenon which began with the ploughing up of the prairies to feed the deficient countries. Now that these can feed themselves the prairies might just as well revert to grass and buffaloes.

It is not a unique experience by any means. Even here in Britain land use has switched from grass to corn to forest and back again according to the demands of the time. No doubt those changes had been accompanied by just as distressing human suffering as the US and Canadian farmers will face over the next few years.

LONDON MARKETS

BEARISH short-term supply/demand factors continued to depress values on the London coffee futures market yesterday. The May position ended at £2,263.50 a tonne, adding £82 to last week's £117 decline. Early steadiness was due to an easier tone in sterling, dealers said, but prices dropped sharply in the afternoon following an unexpectedly weak New York opening. Factors affecting coffee market sentiment at the moment include slack roaster demand, limited retail demand and heavy Colombian shipments. In addition chart patterns have developed a decidedly bearish appearance. The sugar market continued its advance meanwhile, with the London daily raws price gaining another $6 to a 20-month high of $182 a tonne at its morning fixing. Values on the London futures market moved further ahead during the day. Dealers said there were no fresh fundamental factors but buying continued to reflect the recent improvement in supply/demand projections and stronger demand on the world market.

LME prices supplied by Amalgamated Metal Trading.

BASE METALS

ALUMINIUM

COPPER

LEAD

NICKEL

TIN

Kuala Lumpur Tin Market: Unavailable (15.70) ringgit per kg.

ZINC

GOLD

Gold fell $3½ to $350¼-351 on the London bullion market, reacting to the break-up of the Geneva Opec meeting. The lack of agreement on oil production cuts was expected to put downward pressure on oil and gold prices. Gold opened at $355¼-355¾, and was fixed at $352.40 in the morning and $350.20 in the afternoon. The metal touched a peak of $355-356¼ and a low of $349-349½.

SILVER

Silver was fixed 1.2p an ounce lower for spot delivery in the London bullion market yesterday at 381.35p. US cent equivalents of the fixing levels were: spot 570.1c, down 4.15c; three-month 580.7c, down 3.6c; six-month 591c, down 3.75c; and 12-month 611.5c, down 3.1c. The metal opened at 379½-380½p (574-576c) and closed at 381¼-382½p (567-569c).

RUBBER

PHYSICALS—The London market was quiet throughout the day, reports Lewis and Peat. Closing prices (buyers): Spot 58.00p (same); May 59.00p (58.50p); June 58.50p (57.00p). The Kuala Lumpur fob price (Malaysia/Singapore cents per kg): RSS No 1 was 193.5 (193.0) (194.0) and for SMR 20 189.00 (191.0).

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing March 17 amounted to 225 tonnes against 402 tonnes in the previous week. This was the lowest weekly total for many months back and business was conducted in Colombian and West African varieties only.

INDICES

FINANCIAL TIMES

Mar. 24	Mar. 21	M'th ago	Year ago
–	–	–	297.72

(Base: July 1 1952=100)

REUTERS

Mar. 21	Mar. 20	M'th ago	Year ago
1781.9	1792.2	1834.4	1983.7

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Mar. 21	Mar. 20	Month ago	Year ago
Spot	131.74	131.46	–	119.57
Fut.	133.07	133.86	–	123.00

(Base: December 31 1931=100)

• Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

MEAT

Pigmeat and beef markets closed lower due to weaker physical markets and light long liquidation, reports Eastern Capital—CCST.

COCOA

In active trading futures moved over a £28 range and established new life-of-contract lows before rallying. No origin interest was seen and consumers were also absent at current levels, reports Gill and Duffus.

COFFEE

Values suffered from long liquidation and an apparent lack of physical offtake and could not hold despite declining sterling, reports Drexel Burnham Lambert.

SUGAR

LONDON DAILY PRICE—Raw sugar $182.00 (121.50), up $6.00 (up £4.00) a tonne for March-May delivery. White sugar $205.00, up $4.00.

With sentiment still bullish, prices rallied strongly following reports from Brazil that 200,000 tonnes sold for export from September would be cancelled, reports C. Czarnikow.

SOYABEAN MEAL

Prices opened 60p higher on trade buying and remained firm until late cash selling depressed the market, reports Muirpace.

GRAINS

Old crop wheat trade revolved around May/July spreading, reflecting doubts concerning the probability of the new crop year beginning on July 1, hence a steady July trade against sellers on May. New crop, followed the recent trend of shipper support against country hedge selling, reports T. G. Roddick.

POTATOES

Despite an uninteresting physical market, expectations of tightening of supply for quality samples over coming weeks and speculation over a technical squeeze for April, led to firmer trade, reports Coley and Harper.

US MARKETS

PRECIOUS METALS came under pressure on the lack of an Opec agreement and weak currency markets, reports Heinold Commodities. Copper and aluminium suffered from arbitrage selling. Reports of Russian buying interest prompted a sharp rally in sugar values. Cocoa remained weak on reports of producer selling and slack manufacturer offtake. Cotton traded mixed with commission house short-covering supporting old crop. Opec's decision to suspend discussions until mid-April without any agreement on production cuts sent oil futures to limit-down levels. Grains moved lower early on the stronger dollar and the continued slow export sales but maize uncovered trade support. Soyabeans were also influenced by the stronger dollar but losses were held in check on expectations of good export sales.

NEW YORK

CHICAGO

SPOT PRICES — Chicago loose lard 12.00 (11.50) cents per pound. Handy and Harman silver bullion 570.5 (576.0) cents per troy ounce.

FREIGHT FUTURES

OIL

In the petroleum products markets prices started to crumble after the Opec adjournment. Gas oil and naphtha traded in a thin market with supplies for prompt cargoes readily available. Fuel oil maintained a strong prompt premium over forward cargoes. Brent prices fell steeply on news of Opec's break up. Nymex opened limit-down on all months except May which traded around $1.7 down at 1 pm EST—Petroleum Argus, London.

SPOT PRICES

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar improves as pound slips

The dollar rose on the foreign exchanges yesterday, after a successful attempt by Japanese officials to talk the US currency higher. It was not clear whether the Federal Reserve Board was happy with the statement from an official at the Bank of Japan that both central banks think the dollar's fall is more or less complete. The comment was given increased credibility however by Friday's resignation of Mr Preston Martin, as vice chairman of the Federal Reserve Board. President Reagan is expected to replace Mr Martin with someone of similar views, but the initial reaction is that Mr Paul Volcker, chairman of the Board has asserted his influence, and Mr Volcker is known to fear rising inflation from a downward spiralling dollar. The Japanese Prime Minister and the Governor of the Bank of Japan also spoke of their concern about the sharp rise of the yen against the dollar.

The dollar rose to DM 2.2865 from DM 2.2415; FFr 7.02 from FFr 6.8975; SFr 1.9170 from SFr 1.8715; and Y178.85 from Y175.75. On Bank of England figures the dollar's index rose to 118.1 from 116.7.

STERLING — Trading range against the dollar in 1985-86 is 1.5115 to 1.0525. February average 1.4297. Exchange rate index closed unchanged at 75.9, after opening at 76.9. Six months ago the index was 82.8.

Sterling began on a very firm note, touching $1.5160, but retreated as it became clear the meeting of ministers from the Organisation of Petroleum Exporting Countries was ending without agreement on production cut backs. The Geneva meeting will resume on April 15, but it had been hoped that the talks which ended yesterday would find a compromise to cut Opec production to 14m barrels a day. The pound fell 2.45 cents to $1.4885-1.4895, but remained stronger on the day at DM 3.4050 compared with DM 3.3875; FFr 10.4525 against FFr 10.4250; SFr 2.8550 compared with SFr 2.83; and Y266.25 against Y265.50.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.1990. February average 2.3310. Exchange rate index 133.5 against 127.4 six months ago.

The D-mark lost ground to the dollar in Frankfurt, following the comments by Japanese officials over the weekend and yesterday morning, including the suggestion that the dollar's fall was more or less complete. The dollar rose to DM 2.2890 from DM 2.2475 at the Frankfurt close. Earlier in the day the German Bundesbank did not intervene when the dollar was fixed at DM 2.2877, compared with DM 2.2513, after touching DM 2.30 in the early morning, the highest level of the day.

JAPANESE YEN — Trading range against the dollar in 1985-1986 is 263.15 to 175.00. February average 184.545. Exchange rate index 193.4 against 160.5 six months ago.

The yen weakened against the dollar, following comments by Japanese officials, and Friday's resignation of Mr Martin from the Federal Reserve Board. On Saturday Mr Yasuhiro Nakasone, Japanese Prime Minister, said the yen had risen too high and too quickly, and that he expected the Bank of Japan to take measures to correct the situation. Yesterday Mr Satoshi Sumita, Governor of the Bank or Japan, stated that a further fall in the value of the dollar would have an unfavourable impact on the world economy, and would cause inflationary pressure in the US. The dollar closed at Y177.30 in Tokyo, compared with Y175.875 in New York on Friday, and Y176.80 in Tokyo on Thursday, before the long weekend local holiday.

£ IN NEW YORK

Close	Mar. 24	Prev. close
£ Spot	$1.4860-1.4870	$1.5165-1.5175
1 month	0.57-0.54pm	0.53-0.52pm
3 months	1.37-1.32pm	1.33-1.31pm
12 months	3.85-3.75pm	3.68-3.63pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

March 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4805-1.5160	1.4885-1.4895	0.57-0.54c pm	4.47	1.39-1.34 pm	3.67
Canada	2.0780-2.0990	2.0846-2.0896	0.16-0.04c pm	−0.57	0.41-0.20 pm	0.58
Nethlnd.	3.83-3.89¼	3.83¾-3.84¾	2¼-2c pm	6.64	5⅞-5⅝ pm	5.53
Belgium	69.38-70.35	69.55-69.65	8c pm-1c dis	−0.60	22-9c pm	0.89
Denmark	12.51¾-12.68⅝	12.57¼-12.58¼	4¼-3½ore pm	3.94	11¾-9¾orepm	3.34
Ireland	1.1205-1.1425	1.1225-1.1235	0.32-0.47p dis	−4.22	0.80-0.90ds	−2.67
W. Ger.	3.39-3.44¼	3.40-3.41	2¼-2pm pm	7.49	5⅞-5⅝ pm	6.46
Portugal	221-224	221¼-223¼	175-485c dis	−17.81	650-1385d	−17.40

CURRENCY MOVEMENTS

Mar. 24	Bank of England Index	Morgan Guaranty Change %
Sterling	75.9	−15.4
U.S. dollar	118.1	+9.0
Canadian dollar	78.3	−12.7
Austrian schilling	124.9	+6.9
Belgian franc	94.0	−8.5
Danish Kroner	84.9	−3.0
Deutsche mark	133.5	+13.5

FINANCIAL FUTURES

US bonds firmer

US bond prices were firmer in the London International Financial Futures Exchange yesterday but finished below the day's best levels. Opening levels were down from Friday's close in reaction to the resignation of Mr Preston Martin, formally deputy chairman of the US Federal reserve board. Prices were marked down because Mr Martin had previously advocated a further decline in US interest rates, a direct contrast to the views held by Mr Paul Volcker, chairman of the Federal reserve.

However initial trading attracted little follow through selling and values picked up to touch 96-24 in the June contract after an opening of 95-14. News that Opec had adjourned until April 15 without any formal agreement on oil output immediately depressed prices of crude oil and the benefits on the economy and inflation pushed the June contract to a high of 97-21 before sellers appeared in the last half an hour of trading to take it to a closing level of 97-09, still up from Friday's close in London of 97-04.

Sterling based instruments finished weaker on the day. Sterling lost all of its earlier gains as its exchange rate index fell a full point from the opening to finish unchanged from Friday. Cash rates were firmer, reflecting sterling's decline on lower oil prices. Against this background long gilt prices finished close to the day's lows while three-month sterling for June delivery dipped to 90.15 from an opening of 90.30 before closing at 90.21.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	9.08	10.42	—	—	0.33	1.50	—	—
118	7.32	9.14	—	—	0.62	2.22	—	—
120	6.02	7.58	—	—	1.32	3.02	—	—
122	4.46	6.45	—	—	2.12	3.53	—	—
124	3.38	5.40	—	—	3.04	4.48	—	—
126	2.43	4.44	—	—	4.09	5.52	—	—

Estimated volume total, Calls 843, Puts 117
Previous day's open int. Calls 5,943, Puts 1,157

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	5.46	6.26	—	—	0.28	1.50	—	—
94	4.10	5.09	—	—	0.56	2.33	—	—
96	2.54	4.02	—	—	1.36	3.28	—	—
98	1.53	3.07	—	—	2.35	4.31	—	—
100	1.06	2.22	—	—	3.52	5.46	—	—
102	0.33	—	—	—	5.21	—	—	—

Estimated volume total, Calls 256, Puts 283
Previous day's open int. Calls 234, Puts 46

Company Notices

REPUBLIC OF FINLAND
£50,000,000 14½ per cent Loan Stock 1986

REDEMPTION

NOTICE IS HEREBY GIVEN to Bondholders of outstanding 14½ per cent Loan Stock due 1986 of the Republic of Finland that, pursuant to the provisions of the Paying and Exchange Agency Agreement dated 8 May 1981 and the terms and conditions of the Deed Poll, the Republic of Finland confirms that the Bearer Bonds will be redeemed at par on 1 May 1986 (Exchanges into Registered Stock will cease on 1 April 1986, the books close date).

Payment will be made against presentation and surrender of the Bearer Bonds in sterling either (a) at the Office of National Westminster Bank PLC, 3rd Floor, 20 Old Broad Street, London, accompanied by the special application form available from that Office (b) at the Office of Morgan Guaranty Trust Company of New York, Brussels, or (c) at the Office of Kredietbank S.A. Luxembourgeoise, Luxembourg.

Payment of interest in respect of the final coupon, No 10, should be claimed separately in the usual manner as above.

Republic of Finland
By: National Westminster Bank PLC
Principal Paying and Exchange Agent

Dated: March 25, 1986

Legal Notices

WESTCLEN FASHIONS LIMITED
T/A REPLAY

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985 that a Meeting of the creditors of the above named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at
30 Eastbourne Terrace,
London W2 6LF
on Friday the 4th day of April 1986 at 12.00 o'clock midday, for the purposes provided for in Sections 589 and 590.
Dated the 17th day of March, 1986.
T. DEAKIN, Director

CLASSIFIED ADVERTISEMENT RATES

	Per line (min. 3 lines) £	Single column cm (min. 3 cms) £
Commercial & Industrial Property	11.50	39.00
Residential Property	9.00	30.00
Appointments	12.00	41.00

MONEY MARKETS

Rates firm as sterling retreats

UK interest rates were firmer in London yesterday, following sterling's fall on lower oil prices. Adjournment of the Opec meeting until April 15 depressed oil prices and the pound and effectively removed any lingering hopes of a cut in UK base rates in the short term.

With the Bank of England applying the brake gently last Friday by lending money until April 1 and UK banking figures due the next week, the authorities may wish to wait until the middle of next month before sanctioning another fall in base rates. Three-month interbank money yesterday was quoted at 11⅞-11¾ per cent, up from 11¾-11⅝ per cent and three-month sterling certificates of deposit were higher at 11$\frac{11}{16}$-11⅝ per cent compared with 11½-11⅜ per cent. Overnight money opened at 12¼ per cent and eased to 8 per cent before finishing around 11 per cent.

The Bank of England forecast a shortage of around £200m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £964m. These were partly offset by Exchequer transactions adding £415m, a fall in the note circulation of £310m and banks' balances brought forward £40m above target. The forecast was later revised to a shortage of around £150m and the Bank gave assistance of £121m through outright purchases of eligible bank bills, £63m in band 1 at 11⅜ per cent and £58m in band 2 at 11$\frac{5}{16}$ per cent.

The Bank revised the forecast once again, this time to a shortage of around £100m before taking into account the early help. There was no further help but the Bank did give late assistance of £30m, making a total of £151m.

In Frankfurt call money rose to 5.4-5.6 per cent as commercial banks continued to suffer from an outflow of funds due to tax payments. There was also a demand for liquidity with banks trying to meet this month's reserve requirements with the Bundesbank. The problem was further exacerbated because the Easter break coincides with the month end so that banks have to stock up well before March 31. An increase in the note circulation before Easter put further pressure on the market.

UK clearing banks base lending rate 11½ per cent since March 19

NEW YORK RATES

(Lunchtime)

Prime rate	9
Broker loan rate	8¼-8½
Fed Funds	7⅞
Fed funds at intervention	7⅞

Treasury Bills & Bonds

One month	6.11
Two month	6.45
Three month	6.58
Six month	6.77
One year	6.90
Two year	7.12
Three year	7.12
Four year	7.39
Five year	7.42
Seven year	7.63
10 year	7.73
30 year	7.92

MONEY RATES

March 24	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	5.4-5.6	4.65-4.75	4.45-4.60	4.45-4.60	4.45-4.60	5.5
Paris	8$\frac{1}{16}$	8¼-8⅜	8¼-8⅜	8¼-8⅜	8⅛-8¼	8¼
Zurich	⅞-1⅛	4⅜-4½	—	4-4⅛	—	—
Amsterdam	5⅛-5$\frac{5}{16}$	5⅛-5⅜	—	5⅜-5⅛	—	—
Tokyo	5.59375	5.65625	—	5.34375	—	—
Milan	16⅞-17¼	16⅝-17	—	16-16⅜	—	—
Brussels	8.85	9¾-9⅞	—	8⅞-9$\frac{1}{16}$	—	—
Dublin	14⅛-15	15⅝-15¾	15⅛-15⅜	14¼-14½	12⅜-12¾	—

FT LONDON INTERBANK FIXING

(11.00 a.m. March. 24)

Three months US dollars		Six months US dollars	
bid 7 7/16	offer 7 9/16	bid 7 5/8	offer 7 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Mar. 24	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-12½	12-12¼	11$\frac{11}{16}$-11⅞	11-11½	10⅝-10¾	10$\frac{7}{16}$-10½
Sterling CDs	—	—	11¾-11⅞	11$\frac{11}{16}$-11⅜	10⅝-10½	10-10⅛
LocalAuthorityDepos	11⅞-12	11¾-11⅞	11¾	11$\frac{1}{16}$	10$\frac{7}{16}$	10¼
Local Author'y Bonds	—	—	12	11¾	11	10⅝
Discount Mkt Depos.	10-12	11¾-12	11⅝	10⅞	—	—
Company Depos.	10½-12½	12⅛-12⅜	12	12½	—	—
Finance House Depos	—	—	11¾	11$\frac{5}{16}$	10½	10¼
Treasury Bills (Buy)	—	—	11⅝	10⅞	—	—
Bank Bills (Buy)	—	—	11⅜	11$\frac{5}{16}$	10⅛	—
Fine Trade Bills (Buy)	—	—	12	11$\frac{11}{16}$	10¾	—
Dollar CDs	—	—	7.35-7.40	7.25-7.30	7.25-7.30	7.3-7.35
SDR Linked Depos	—	—	7¾-8	7$\frac{1}{16}$-7$\frac{1}{16}$	7$\frac{1}{16}$-7$\frac{7}{16}$	7-7¼
ECU Depos.	—	—	9⅞-10	9⅜-9½	8⅛-8⅜	8$\frac{1}{16}$-8$\frac{5}{16}$

Treasury Bills (sell): one-month 11$\frac{5}{16}$ per cent; three-months 10⅝ per cent. Bank Bills (sell): one-month 11$\frac{11}{32}$ per cent; three-months 10$\frac{27}{32}$ per cent. Treasury Bills: Average tender rate at discount 10.7831 per cent. ECGD Fixed Finance Scheme IV reference date February 5 to March 4 (inclusive): 12.654 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 per cent from March 1 1986. Bank Deposit Rate for sums at seven days' notice 5¾-6 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11⅛ per cent; one-three months 11⅛ per cent; three-six months 11 per cent; six-nine months 10½ per cent; nine-12 months 10¾ per cent. Under £100,000 10¾ per cent from March 25. Deposits held under Series 5 10⅜ per cent. Deposits withdrawn for cash 7 per cent.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 24, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	89.00
Albania	Lek	10.23
Algeria	Dinar	7.15
Andorra	French Franc	10.4525
	Spanish Peseta	214.15
Angola	Kwanza	43.9765
Antigua	E. Caribbean $	4.04
Argentina	Austral	1.1918
Aruba	Florin	2.69 (18)
Australia	Australian $	2.0735
Austria	Schilling	23.9150
Azores	Portuguese Escudo	222.42
Greenland	Danish Kroner	12.5775
Grenada	E. Caribbean $	4.04
Guadaloupe	Local Franc	10.4525
Guam	U.S. $	1.4890
Guatemala	Quetzal	1.4890
Guinea	Franc	508.30 (19)
Guinea-Bissau	Peso	254.87
Guyana	Guyanese $	5.86
Haiti	Gourde	7.48
Honduras	Lempira	2.99
Hong Kong	H.K. $	11.6950
Peru	Inti	exc(A)20.7465(16)
Philippines	Philippine Peso	29.80
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.7885
Poland	Zloty	243.12
Portugal	PortugueseEscudo	222.42
Puerto Rico	U.S. $	1.4890
Qatar	Qatari Ryal	5.4540

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	1986 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99⅞	99¼	Treas. 10pcCnv 1986	99⅞xd		—	—
98¾	95⅝	Treas 3pc 1986	98¾		3.04	11.47
99⅞	99⅛	Exch 10½pc 1986	99⅞		10.52	11.45
100⅛	99½	Treas 12pc 1986	100⅛		12.00	11.50
99⅛	98⅛	Treas 8¼pc 1984-86‡‡	99⅛		8.55	10.63
102⅝	100½	Exch 14pc 1986	102½xd	−⅛	13.71	10.33
96⅛	94⅝	Exch. 2½pc 1986	96⅛	+⅛	2.60	8.32
102½	100⅛	Exch. 13¾pc 1987	102⅛	−⅛	12.93	10.04
100⅛	97⅛	Treas 10¼pcCv '87	100⅛	−⅛	10.24	10.12
95⅛	92⅛	Exch 2½pc 1987	95⅛	+⅛	2.63	8.17
100⅛	97⅛	Exch. 10½pc 1987	100⅛xd	−⅛	10.45	10.06
96⅛	93⅝	Funding 6½pc '85-87‡‡	96⅛	+⅛	6.71	9.49
100	96⅛	Treas. 10pc 1987	99⅛	−⅛	10.01	10.02
93¼	90⅞	Treas 3pc 1987	93⅝	−⅛	3.20	8.25
102⅛	99⅛	Treas. 12pc 1987	102⅛		11.69	10.12
97⅛	92⅛	Treas 7¾pc 1985-88‡‡	97⅛		7.98	9.46
101¼	96⅛	Exch 10½pc '88	101⅛	−⅛	10.39	9.93
99⅛	95⅛	Treas 9¾pc Cv '88	99⅛	+⅛	9.76	9.76
90⅛	86⅝	Transport 3pc '78-88	90⅛		3.33	7.87
99⅛	93⅛	Treas. 9½pc '88	99⅛xd	+⅛	9.55	9.77
104⅛	98⅛	Treas 11½pc 1989	104⅛	+⅛	11.01	9.70
100¼	93⅛	Treas 9½pc Cnv. '89	100¼xd		9.43	9.23
86¼	82⅛	Treas 3pc 1989	86⅝	−⅛	3.46	7.89
101⅞	95⅛	Treas 10½pc 1989	101⅞	+⅛	10.31	9.79
100⅝	94⅛	Exch 10pc 1989	100⅝	+⅛	9.94	9.78
103⅛	97	Exch 11pc 1989	103⅛xd	+⅛	10.61	9.73
89⅛	84½	Treas 5pc 1986-89	89⅛xd	+⅛	5.58	8.46
107⅛	94⅝	Exch 10¼pcCv '89	107⅛	+⅛	9.57	7.94
110⅛	103⅛	Treas 13pc 1990‡‡	110⅛		11.74	9.55
104⅛	97⅛	Exch 11pc 1990‡‡	104⅛	+⅛	10.51	9.52
109⅝	101⅛	Exch. 12½pc 1990	109⅝xd	+⅛	11.40	9.54
83	79⅝	Treas. 3pc 1990	82⅞	−⅛	3.62	7.95
96½	89⅝	Treas 8¼pc 1987-90‡‡	96⅛	−⅛	8.56	9.30
102⅛	93	Treas. 10pcCv 1990	102⅛xd	+⅛	9.75	9.31
80⅛	76½	Exch 2½pc 1990	80⅛		3.12	7.61

Five to Fifteen Years

Over Fifteen Years

Undated

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

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BUILDING, TIMBER, ROADS—Cont.

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ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
106	82	Midland Marts	105	+1	4.0	2.1	5.4	12.5
70½	61	Mitchell Cotts	63xc	–3	4.25	1.5	9.6	(8.9)
109	81	Molins & Crane 10p	103		R2.7	2.7	3.7	14.2
275	210	Morgan Crucible	260	–7	hR8.5	1.6	4.7	18.0
22½	15½	Morris (W) F.A. 20p	18	–1	g0.5	♦	4.0	♦
113	100	Muir (Robt.) 10p	113	+4	†3.0	2.7	3.8	12.2
100	65	Myson Grp 10p	96		N2.65	3.4	3.9	18.2
340	259	NMW Computers	335xr	–5	6.0	♦	0.9	21.8
40	27	N.S.S. Indl.	40		0.5	—	1.8	—
28	16	Neil & Spencer 10p	23		♦—	—	—	6.9
34	30	Newman Inds 10p	33	–1	20.3	—	1.4	(4.7)
65	50	Norton	56	–1	0.95	5.9	2.4	8.0
130	96	Norsk Systems 5p	112	–4	u3.0	♦	3.8	♦
258	187	Norcros	258		†8.6	2.0	4.8	14.0
63	49	Nu-Swift 5p	63		†3.0	1.9	6.8	10.2
96	80	Ogwood Grp	90		5.0	1.3	7.9	12.5
236	203	Office & Elect	220		†7.5	2.6	4.9	11.3
102	70	Oldacre 20p	102		†4.0	2.6	5.7	8.9
36	29	Orthodontics 50.01	34	–2	h0.02c	2.1	4.6	11.4
675	500	Owliame £1	480		24.5	♦	3.9	♦
10	8	Overstone 12½p	10		g0.125c	1.9	10.5	5.0
£275	£228	Ozalid 9pc Cnv 87-92	£259	–16	Q9%	—	3.5	—
100	45	PCT Grp 10p	100		3.2	1.2	6.7	(24.6)
£20½	950	PLM 'B' SK 25	£19¾	–¾	Q23.2%	♦	3.5	♦
156	114	PSM Intl	156		†h5.25	2.5	4.8	10.7
235	167	Pace System $0.01	205	+5	L3.04c	♦	1.3	♦
79	60	Pacific Sales 10p	62		3.0	1.2	7.0	16.7
283	225	Park Place 10p	252	–3	16.25	1.9	3.6	20.9
383	246	Parker Knoll 'A'	383	+8	†9.5	2.9	3.6	13.8
445	208	Parkfield Group 5p	425	–20	†2.4	2.4	0.8	71.1
53	40	Pauls Intl	40		—	—	—	—
£130	£107	Do 11½ Cnv '94-02	£108	–1	Q11½%	—	10.2	—
497	393	Pearson	490	–7	10.0	2.7	2.9	16.1
18½	12	Peek Holdings 7p	18		—	—	—	—
110	88	Peerless	110	+4	6.3	—	8.2	—
480	283	Pentland 10p	480		h0.87	20.4	0.3	21.6
£14	775	Photo-Me	£12		†5.08	8.3	0.6	
458	315	Pilkington Br. £1	443	–12	12.5	2.5	4.0	11.0
£361	£293	Pitney Bowes Cnv Ln	£361	+2	Q6½%	—	1.6	—
71	52	Plastic Const. 10p	70		2.8	2.0	5.7	12.3
9	7	Platignum 5p	7½		8—	—	—	—

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

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PROPERTY

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NOTES

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 38 (International Edition Page 42)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

*First Dealings	Option Declara-tions	Last Dealings	Account Day
Mar 10	Mar 26	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities suffer shake-out and index retreats 17.6 to 1394.6

Leading shares went into reverse yesterday and finally recorded the largest falls since December of last year. Several factors were cited as responsible for the down turn but there was little doubt that the prime reason for the setback was an attempt to shake out loose short-term holders. Many similar moves have been tried during this year's upsurge in prices without much success and the opportunity afforded by the Opec failure to limit production coupled with Wall Street's sharp technical reaction on Friday were too good to miss.

A sharp across-the-board opening markdown deterred potential investors and triggered off a wave of profit-taking in high-flying top-quality and secondary stocks. Some of last week's big movers were particularly affected and showed sizeable losses. The institutions showed no desire to sell but in the absence of fresh strong demand most blue chip issues gave further ground. Developments in other markets, where North Sea oil prices weakened and money market interest rates hardened, put the market under fresh pressure later.

Turnover contracted as dealings progressed and the tone became uncertain. Traders waited pensively for a lead from New York and, although the Dow Jones index rebounded impressively within minutes of the opening, the market in London was reluctant to follow. Reports that ICI could face Common Market price-fixing accusations were also reflected in sentiment; dealers were sceptical of a suggestion that the group might be contemplating a fund-raising exercise.

Many individual sectors presented good features on week-end press recommendations, trading statements and isolated speculative activity. The overall trend, however, was measured in a closing fall of 17.6, the largest since December 2 last year, to 1394.6 in the FT Ordinary share index. The broader-based FT-SE 100 share index fell 24.4 to 1663.9.

Gilt-edged securities were immune and opened higher at Friday's enhanced late levels. Treasury 9 per cent 1994 ran out at 99½ and Treasury 8¾ per cent 1997 at 97¾ after the Government broker had sold stock earlier at 97½ and withdrawn.

Sterling's less buoyant trend against the dollar gradually turned prospective buyers away and prices drifted back in the late unofficial business. At the close of trade, few short or longer maturities were displaying net gains on the session.

Clearers down again

Clearing banks saw a continuation of Friday's profit-taking. Barclays lost 12 more at 558p as did Lloyds, at 646p. NatWest dropped to 895p before closing 10 down on balance at 900p, while Midland gave up 13 to 523p. Elsewhere, Standard Chartered retreated 10 to 545p ahead of today's preliminary figures. Among Discount Houses, Smith St Aubyn, currently in receipt of a bid from Irving International Financing Corporation, moved up 3 to 44p on the announcement that the board had received an approach from a third party. Business Mortgages Trust found support in response to an investment recommendation and in a thin market leapt 15 to 140p, after 145p.

Breweries succumbed to scattered profit-taking in the wake of last week's heady rises following the Chancellor's surprise decision not to increase excise duty. Allied-Lyons dipped 12 to 325p, while Bass fell 8 to 817p.

The Building sector's recent strong run faltered with the onset of light profit-taking. Quotations steadied late in the session, however, and usually closed a shade above the worst. Redland, down to 450p at one stage, picked up to close just a penny cheaper on balance at 455p, while BPB Industries finished 6 off at 472p, after 470p. Blue Circle lost 12 to 680p, but RMC were only a couple of pence easier at 680p. Among Housebuilders, a fresh bout of selling following adverse comment on the interim figures lowered Barratt Developments 8 more to 158p, but bid speculation sustained George Wimpey which closed unchanged at 182p, after 188p. Press comment helped Benford Concrete Machinery rise 5 to 76p, while demand ahead of Thursday's annual results lifted Manders 6 to 229p.

Reports that the group is facing EEC price fixing allegations and Wall Street's dull performance on Friday combined to depress ICI which closed 26 down at 965p. Among other Chemicals, Hickson International shed 7 to 420p on disappointment with the preliminary figures, but Brent gained 9 to 151p in reply to the satisfactory annual results. Good interim figures prompted support for James Halstead which firmed 4 to 156p.

Stores dull

Supported across a broad front last week amid revived consumer spending optimism, leading Stores reacted to profit-taking and displayed double-figure losses in places. Burton, additionally unsettled by talk of a broker's profits downgrading in the offing, closed 26 down at 322p, while Woolworth, 635p, Harris Queensway, 284p, and Storehouse, 338p, all shed around 10. Freemans also fell 10, to 414p, the increased preliminary profits being fully discounted. Combined English Stores were volatile in front of today's full-year figures; up to a new peak of 243p at one stage, the shares subsequently met nervous offerings and reverted to unchanged at 234p. "Take-profits" advice unsettled Martin Ford which dipped to 51p before staging a smart rally to 57p—still down 16 on the session.

Recently buoyant Shoes and Leather issues also met profit-taking, notably Stylo which fell 19 to 236p. FII were unchanged at 355p; the price in recent issues was incorrect.

Secondary Electricals provided several contrasting features. Tunstall Telecom jumped 30 to 330p, after 360p, in response to press comment, while Comcap advanced 22 to 307p, after 315p, following demand in anticipation of today's annual results. Sunleigh continued firmly on asset injection hopes and touched a penny better on balance at 26½p. Comment on the company's recovery potential left A. F. Bulgin "A" a penny dearer at 16p. Magnetic Materials, at 85p, and Memec, at 380p, however, reflected disappointing trading statements with falls of 30 and 45 respectively. Profit-taking clipped 16 from recent high-flier Amstrad, at 410p. Among the quietly dull leaders, BICC cheapened 4 at 336p ahead of tomorrow's preliminary figures. Fears of a possible Government squeeze on defence spending continued to unsettle GEC, a further 4 lower at 188p and Racal 6 down at 186p. Plessey also dropped 6 to 218p.

Technical considerations prompted a reaction of 8 to 805p in Hawker and a fall of 6 to 504p in TI. Elsewhere in Engineerings, Delta fell 12 more to 227p after comment on the disappointing results. Babcock cheapened 4 to 218p following sporadic offerings ahead of tomorrow's preliminary figures, while IMI lost 4 at 174p after the annual figures. Garton's results, however, were well received and the shares advanced 6 to 86p.

Losses among Foods were generally modest, but Rowntree Mackintosh, a strong market last week on overseas buying, encountered profit-taking and dipped to 505p prior to closing 15 down at 510p. Cadbury Schweppes settled 3 cheaper at 183p, after 182p, following confirmation of the management buy-out of the food and beverage division for £97m. Elsewhere, Bernard Matthews firmed 5 to 655p awaiting tomorrow's annual results.

Grampian pleases

Grampian Holdings provided a firm feature among miscellaneous industrials, rising 18 to 238p, after 245p, in reply to the impressive preliminary results and proposed 50 per cent scrip-issue. Press comment ahead of today's preliminary results and news of a £70m Rapier contract from the Ministry of Defence helped British Aerospace put on 14 to a new peak of 606p, while Tiphook reflected an investment recommendation with a leap of 32 to 230p. A sharp jump in annual profits and a proposed 100 per cent scrip-issue helped Spring Ram advance 10 to 395p, while Parker Knoll "A" moved up 8 to 383p in front of today's "Made in Britain" exhibition. Awaiting further bid news, Staffordshire Potteries gained 7 at 125p, while Booker McConnell rose 8 to 348p in anticipation of today's annual results. Barrow Hepburn's preliminary figures were well received and left the shares 4 to the good at 56p. Bestobell continued to reflect the strong profits recovery with a rise of 15 at 304p. Charter Consolidated, recently the subject of stake build-up rumours, declined 7 to 260p on profit-taking. Parkfield dropped 20 to 425p and Blue Arrow cheapened 7 to 310p; the latter following "take-profits" advice. The leaders drifted lower on technical influences. Boots, still reflecting a broker's downgraded profits forecast, softened 5 more to 267p.

Motors lacked a decided trend. BL dipped 6 to 45p following the collapse of the General Motors talks, while sellers held sway in Jaguar, finally 10 cheaper at 458p, after 455p. Among Distributors, Press comment lifted BSG International a couple of pence to 38½p. Fresh speculative support was noted for Glanfield Lawrence, 10 to the good at 70p.

Trinity International continued to respond to the preliminary figures and rose 18 for a two-day advance of 53 to 338p. In contrast, Octopus Publishing, which also revealed better-than-expected full-year figures last week, encountered sporadic profit-taking and fell 40 to 525p. Advertising and PR concerns made selective progress. Howard-Spink, annual results expected tomorrow, put on more, 17 to 405p. USM-quoted Addison Page at 280p, after 290p, following news of the proposed merger with Chetwynd Streets, finally 8 to the good at 153p, after 160p.

Leading Properties settled a shade lower in places, but secondary issues remained selectively firm. Press comment highlighting bid possibilities stimulated Samuel, up 6 at 198p, while good interim figures helped Frogmore Estates gain 4 to 198p, after 200p. Residential property issues continued to attract buyers, Warner Estate rising 25 to 810p and Bradford 15 to 535p. USM-quoted Tops Estates advanced 30 to 340p in a restricted market, while Press comment prompted a gain of 16 to 160p in Gable House and a rise of 23 to 280p in Marler Estates.

British Empire Securities and General Trust closed 2½ to the good at 36p following a Press mention. Financials were irregular. Press-inspired takeover speculation lifted Argyle Trust 6 to 57p, but profit-taking left Antofagasta 30 cheaper at 480p. Aitken Hume, following adverse comment, dipped to 144p before settling 10 cheaper on balance at 148p.

Lasmo weak

Lower crude oil prices following news that the OPEC meeting in Geneva had been adjourned until April 15, and fears of possible dividend cuts by LASMO, reporting preliminary results today, and Tricentrol, reporting on Wednesday, encouraged persistent selling of oils. BP retreated to end the session 20 lower at 553p, while Shell fell back from an opening 763p to close a net 8 off at 765p. LASMO dipped to 128p at one point prior to steadying at 130p, a net decline of 12. Tricentrol touched a low of 81p but picked up on vague takeover rumours to close 6 cheaper on balance at 85p. Britoil gave up 9 at 168p and Enterprise — scheduled to announce full-year figures on April 3—eased 6 to 134p. Secondary oils remained depressed. Sovereign Oil and Gas lost 3 to a low of 60p following the annual results. Petranol's preliminary figures were well received, however, and the shares hardened a couple of pence to 60p. Talk of an encouraging North Sea oil discovery boosted Sun (UK) 5 to 115p.

Interest in mining markets again centred on London-registered Financials. Rio Tinto-Zinc initially advanced to a 1985-86 high of 765p amid continuing rumours that a 5 per cent stake had recently been accumulated in the company but subsequent profit-taking prompted a sharp reaction which left the shares a net 4 cheaper at 745p. Consolidated Gold Fields, also regarded as a takeover target, touched 530p early on before retreating to end the day 22 lower at 515p.

The Australian mining sector gave its best performance of the year following the latest advance to record levels by Sydney and Melbourne markets overnight. Mines led the upsurge in Australia and London dealers marked prices sharply higher at the outset. Thereafter modest local buying prompted further gains and the leaders closed at or around the day's best levels. RTZ associate CRA were outstanding, reflecting the recent rumours concerning RTZ, and jumped 26 to 388p, while Bougainville, another RTZ associate, added 4 at 134p. Among other leading "down-under" issues gains in the region of 10 were common to MIM Holdings, 142p, Peko-Wallsend, 276p, Renison, 395p and Western Mining, 193p.

The strength of bullion during early trading, coupled with substantial Australian buying overnight gave a major boost to gold issues. Central Norseman raced ahead to close 50 higher at 463p amid talk of a sizable gold discovery, rumours of a takeover bid in the offing and heavy US support. Emperor Mines put on 28 to 188p, GMK rose 20 to 430p and Sons of Gwalia moved up 10 to a 1985-86 high of 193p.

Elsewhere, Ireland's Conroy Petroleum and Natural Resources continued to reflect the recent lead/zinc discovery in the Republic of Ireland and rose 7 more to a year's high of 50p.

FINANCIAL TIMES STOCK INDICES

	Mar. 24	Mar. 21	Mar. 20	Mar. 19	Mar. 18	Mar. 17	year ago
Government Secs	91.37	91.34	91.09	90.93	89.92	88.53	80.74
Fixed Interest	95.11	95.03	94.30	93.59	93.06	92.93	84.64
Ordinary ♦	1394.6	1412.2	1415.1	1399.5	1374.6	1357.7	989.9
Gold Mines	309.4	312.0	310.8	318.1	317.4	318.3	499.7
Ord. Div. Yield	3.98	3.94	3.93	3.91	3.95	3.99	4.57
Earnings, Yld. % (full)	9.94	9.15	9.15	9.51	9.40	9.50	11.33
P/E Ratio (net) (*)	13.45	13.59	13.60	13.33	13.20	13.07	10.75
Total bargains (Est.)	—	42,506	41,181	40,491	41,093	38,553	27,782
Equity turnover £m.	—	967.72	985.27	1093.06	753.85	783.10	388.93
Equity bargains	—	43,472	41,104	38,164	37,201	40,196	26,119
Shares traded (ml)	—	371.2	411.3	472.1	337.6	303.3	166.5

♦ 10 am 1399.3. 11 am 1399.3. Noon 1398.0. 1 pm 1396.0. 2 pm 1393.2. 3 pm 1392.5. 4 pm 1393.8. Day's High 1405.7. Day's Low 1392.4. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest index 01-246 8026. *Nil=12.92

HIGHS AND LOWS

	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	91.37 (24/3)	80.39 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	95.11 (24/3)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1415.1 (20/3)	1094.3 (14/1)	1415.1 (20/3/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	287.5 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

Indices	Mar. 21	Mar. 20
Daily Gilt Edged Bargains	223.6	238.9
Equities Bargains	281.7	366.3
Value	1,956.0	1991.49
5 day Average Gilt Edged Bargains	210.7	200.6
Equities Bargains	259.4	256.3
Value	1,852.7	1,837.6

RECENT ISSUES

Stock	Closing price p
♦BPP Hldgs. 10p	194
Chillington Corp	130
Do. Defd	68
Gold Greenlees T. 5p	135
Jarvis Porter 10p	135
Macro 4 5p	118
♦Menvier-Swain 5p	157
PPL 10p	170
Rodime 5p	750
♦Spice 5p	96
Templeton Galbraith	232
Throgmorton USM	102
Wellcome	213
Westland Warrants	26

FIXED INTEREST STOCKS

Stock	Closing price £
American Medical Intl. 9¾ Uns. Ln. 2011	35¼
Centrovincial Ests. 11½ 1st Mort Db 2016	36¼
Chillington 9½% Cum. Red. Pref.	112p
GALA 10.6% Red. 2011	[illegible]
Devenish 4.4% Cnv. 2nd Pref.	153p
Electron-H'se 6½% Cnv. Cum Red Pref	107p
Greenall Whitley 5.65% Cum Red Pref	108p
Hampton Tst. 11¾ 1st. Mort. Deb. 2015	110
Inter-Am Dev Bk 9¾% Uns Ln 2015	96¼
Lawrence (W.) 5% Cnv. Cum. Red. Pref.	124p
Nationwide Bldg. Soc. 12½% 27.3.87	101¼
Nationwide Bldg. Soc.	101
Parkfield 7% Cum. Cnv. Prf. 2005	160p
Porter Chad. 8% Cnv. Cum. Red. Prf. '94	109p
Samuel Props. 11¼ 1st. Mort. Deb. 2016	36
L.E. 10¼% Mort. Deb. 2016	26

RIGHTS OFFERS

Stock	Closing price p
Alida Hlgs.	265pm
Cullens Hldgs. 10p	76pm
Dares Ests. 5p	9½
Heywood Williams	62pm
High Point Services 10p	8pm
KLP 5p	50pm
Kent (J.) 5p	3
Northern Computers	114pm
Thomson T-Line	70pm
Tranwood 6p	5pm
Wates City of London	149
Wolseley-Hughes	146pm

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. F Forecast dividend; cover on earnings updated by latest interim statement. H Dividend and yield based on prospectus or other official estimates for 1986. Q Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Issued by tender. ¶ Offered holders of ordinary shares as a "rights." ** Introduction. ¶ Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖ Allotment price. ■ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

TRADITIONAL OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4

For rate indications see end of Unit Trust Service

Call options were taken out in Readicut, Grattan, Warehouse, Delta Group, Booker McConnell, Wolsey-Hughes, Wellcome, PPL, Sunleigh Electronics, DRG, Polly Peck, Premier Oil, Tricentrol, Abaco Investments, Amstrad, Exco International, Wordplex, Woolworth, Cadbury Schweppes, Jackson Exploration, Electronic Rentals, CASE, North Kalgurli, S. & W. Berisford, Rosehaugh and British Benzol. A put was done in Phoenix Timber. No doubles were reported.

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (245)

BRITISH FUNDS (66), INT. BANK & O'SEAS GOVT. STLG ISSUES (11), CORPORATION LOANS (2), COMMONWEALTH & AFRICAN LOANS (1), LOANS (3), FOREIGN BONDS (2), AMERICANS (3), BANKS (7), BREWERS (1), BUILDINGS (11), CHEMICALS (3), STORES (5), ELECTRICALS (11), ENGINEERING (11), FOODS (4), HOTELS (3), INDUSTRIALS (23), INSURANCE (7), LEISURE (3), MOTORS (5), NEWSPAPERS (1), PAPER (7), PROPERTY (16), SHOES (1), TEXTILES (4), TOBACCOS (3), TRUSTS (27), OILS (1), MINES (8).

NEW LOWS (15)

ELECTRICALS (3) CASE, Goring Kerr, Magnetic Materials. INDUSTRIALS (1) High-Point Services. OILS (9) Carless Capel, Clyde Petroleum, INOCO, LASMO, Pict Petroleum, Sovereign Oil, Tricentrol, Do. 11pc Cnv. Ln. 1995-2005, Ultramar. OVERSEAS TRADERS (1) Boustead. MINES (1) Ayer Hitam.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	79	14	20
Corpns. Dom. and Foreign Bonds	25	16	33
Industrials	240	560	699
Fin. and Props.	104	139	326
Oils	21	28	72
Plantations	1	2	12
Mines	63	29	89
Others	55	77	59
Totals	588	865	1,310

London Traded Options were not available for this edition

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon March 24 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Fri Mar 21 Index No.	Thurs Mar 20 Index No.	Wed Mar 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (213)	723.07	−1.1	7.94	3.30	15.88	2.04	731.22	732.48	724.14	553.57
2	Building Materials (24)	811.45	−1.1	8.09	3.36	15.51	1.06	820.53	815.20	802.90	504.94
3	Contracting, Construction (28)	1157.89	−0.9	7.91	3.82	16.77	3.46	1167.86	1175.53	1163.77	701.03
4	Electricals (13)	1967.54	−1.2	7.47	3.87	17.45	1.50	1991.25	2008.94	1984.67	1549.15
5	Electronics (38)	1636.66	−1.9	8.97	2.81	14.65	8.09	1668.72	1696.11	1690.39	1716.60
6	Mechanical Engineering (64)	417.36	−0.2	8.39	3.61	14.49	1.27	418.27	416.16	409.72	302.01
8	Metals and Metal Forming (7)	328.89	−1.1	6.70	5.21	18.22	0.00	332.66	335.57	332.12	198.42
9	Motors (17)	290.36	−1.0	7.73	3.33	15.50	0.73	293.15	290.80	286.67	166.38
10	Other Industrial Materials (22)	1326.93	−1.1	6.31	2.99	18.95	2.60	1341.80	1338.03	1317.88	958.07
21	CONSUMER GROUP (184)	930.28	−1.2	7.25	3.04	17.38	2.93	941.65	936.94	922.52	643.74
22	Brewers and Distillers (23)	954.17	−1.0	8.27	3.25	15.41	4.04	963.58	944.38	919.95	578.76
25	Food Manufacturing (22)	668.92	−0.8	9.13	3.87	14.18	3.75	674.60	669.08	659.32	506.85
26	Food Retailing (14)	1910.07	−0.8	6.28	2.43	21.63	5.78	1925.00	1922.28	1920.44	1484.76
27	Health and Household Products (10)	1558.84	−0.7	4.97	2.10	23.75	0.25	1569.81	1549.46	1536.37	1028.74
29	Leisure (25)	941.02	−1.3	7.31	3.76	17.76	9.78	953.41	962.09	945.79	680.71
32	Publishing & Printing (13)	2322.15	−0.4	7.23	3.97	17.33	2.36	2330.52	2306.72	2283.95	1732.53
33	Packaging and Paper (15)	461.43	−0.8	7.53	3.46	15.82	0.31	465.27	463.79	455.41	322.29
34	Stores (43)	899.51	−2.4	5.94	2.45	22.76	1.06	921.23	922.59	901.13	591.04
35	Textiles (16)	550.72	−0.8	6.92	3.32	16.53	0.28	554.98	549.14	547.27	327.85
36	Tobaccos (3)	1141.38	−1.1	11.56	4.36	9.96	6.49	1154.39	1169.87	1156.04	934.91
41	OTHER GROUPS (85)	838.84	−1.3	8.07	3.57	15.81	4.02	850.21	851.06	837.47	682.91
42	Chemicals (19)	926.71	−2.0	10.05	4.37	11.99	14.35	945.46	947.14	942.69	780.90
44	Office Equipment (4)	256.20	−1.3	7.56	3.93	15.76	3.81	259.64	259.23	258.31	184.01
45	Shipping and Transport (12)	1658.60	+0.6	6.20	3.54	19.98	0.00	1648.69	1656.27	1628.62	1147.48
47	Telephone Networks (2)	1004.65	−1.7	8.20	3.26	16.72	0.93	1021.69	1024.52	993.57	822.58
48	Miscellaneous (48)	1029.57	−0.8	6.80	3.33	18.01	2.34	1038.04	1033.07	1030.97	848.07
49	INDUSTRIAL GROUP (482)	863.14	−1.2	7.62	3.23	16.57	2.98	873.75	872.13	859.47	638.92
51	Oil & Gas (18)	1163.12	−2.6	18.77	7.90	6.29	21.65	1193.82	1196.14	1193.83	1173.04
59	500 SHARE INDEX (500)	890.70	−1.4	8.74	3.70	14.23	4.44	902.91	901.58	889.65	683.66
61	FINANCIAL GROUP (118)	611.39	−1.1	—	4.13	—	4.02	618.01	621.39	607.83	463.24
62	Banks (7)	674.27	−1.8	17.04	4.97	8.24	11.28	686.63	707.33	665.31	453.51
65	Insurance (Life) (9)	862.74	−0.6	—	4.01	—	0.00	867.89	865.49	865.10	669.35
66	Insurance (Composite) (7)	496.81	−1.0	—	4.09	—	2.47	501.86	496.19	489.77	340.38
67	Insurance (Brokers) (8)	1236.15	—	7.30	3.79	18.26	0.95	1236.14	1236.45	1252.03	1199.46
68	Merchant Banks (11)	361.34	—	—	2.95	—	0.06	361.52	361.85	358.61	231.98
69	Property (51)	734.88	−1.2	5.41	3.38	24.74	1.10	743.59	738.50	738.18	644.23
70	Other Financial (25)	350.01	−0.6	6.99	3.96	17.14	1.33	352.02	351.84	346.53	293.94
71	Investment Trusts (103)	747.45	−0.6	—	2.94	—	3.61	751.73	754.71	751.84	611.94
81	Mining Finance (3)	324.02	−2.2	10.26	4.79	11.36	0.60	331.16	318.42	303.80	300.92
91	Overseas Traders (14)	659.93	−1.5	13.13	6.34	9.85	7.85	670.01	666.76	668.22	663.67
99	ALL-SHARE INDEX (738)	809.64	−1.3	—	3.77	—	4.22	820.18	819.66	807.79	625.44

	Index No.	Day's Change	Day's High	Day's Low	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Year ago
FT-SE 100 SHARE INDEX ♦	1663.9	−24.4	1680.9	1662.2	1688.3	1690.1	1659.8	1644.4	1622.6	1297.8

FIXED INTEREST

	PRICE INDICES	Mon Mar 24	Day's change %	Fri Mar 21	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	122.33	+0.08	122.44	0.20	2.64
2	5-15 years	144.44	+0.17	144.19	—	2.69
3	Over 15 years	153.38	+0.16	153.13	—	3.61
4	Irredeemables	172.55	−0.16	172.82	—	1.62
5	All stocks	139.68	+0.13	139.57	0.03	2.84
	Index-Linked					
6	5 years	109.60	+0.08	109.51	—	0.21
7	Over 5 years	108.86	+0.20	108.65	—	0.91
8	All stocks	109.00	+0.17	108.81	—	0.59
9	Debentures & Loans	122.84	+0.16	122.64	—	2.07
10	Preference	84.90	+0.20	84.73	—	2.00

	AVERAGE GROSS REDEMPTION YIELDS		Mon Mar 24	Fri Mar 21	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	8.48	8.45	10.87
2		15 years	8.69	8.71	10.70
3		25 years	8.69	8.73	10.26
4	Medium Coupons	5 years	9.48	9.52	11.17
5		15 years	9.12	9.13	11.05
6		25 years	9.01	9.04	10.49
7	High Coupons	5 years	9.47	9.50	11.03
8		15 years	9.27	9.29	11.21
9		25 years	9.12	9.14	10.60
10	Irredeemables †		8.73	8.72	10.11
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	4.27	4.29	0.0
12	Inflat'n rate 5%	Over 5 yrs	3.81	3.82	0.0
13	Inflat'n rate 10%	5 yrs	3.15	3.17	0.0
14	Inflat'n rate 10%	Over 5 yrs	3.64	3.65	0.0
15	Debs & Loans	5 years	10.13	10.20	12.27
16		15 years	10.06	10.10	11.78
17		25 years	9.99	10.00	11.70
18	Preference †		11.45	11.48	12.78

♦ Opening index 1680.9; 10 am 1675.2; 11 am 1672.4; Noon 1671.4; 1 pm 1666.7; 2 pm 1663.7; 3 pm 1662.5; 3.30 pm 1662.8; 4 pm 1663.5.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Addison Page	280	+30
Aitken Hume	145	−10
Boots	267	−5
British Aerospace	608	+14
BP	553	−20
DRG	296	−12
Imperial Group	347	+3
Lloyds Bank	646	−12
Lowe Howard-Spink	405	+17
Raine Industries	45	−2½
Shell Transport	765	−8
Tunstall Telecom	330	+30

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Distillers	35	677	+37
Midland Bank	25	536	−23
RTZ	25	755	+33
STC	24	122	−6
Boots	22	272	−6
Barclays	22	568	−21
Allied-Lyons	21	337	−12
Bass	21	826	+23
Ultramar	21	185	—
BP	20	573	—
Glaxo	20	£10⅞	+⅛
Wellcome	20	217	+7
Woolworth	20	643	+23

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C $340	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$351
GOLD C $360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD C $380	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD C $400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $320	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $340	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P $360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

Series	June Vol.	June Last	Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Stock
£/FL C, £/FL P, $/FL C, $/FL P series	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL584; FL256.50

Series	Apr. Vol.	Apr. Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C, ABN P, AEGN C, AEGN P, AH C, AKZO C, AKZO P, AMEV C, AMEV P, AMRO C, AMRO P, GIST C, GIST P, HEIN C, HEIN P, HOOG C, HOOG P, KLM C, KLM P, NEDL C, NEDL P, NATN C, NATN P, PHIL C, PHIL P, RD C, RD P, ROBE C, UNIL C, UNIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 61,864

A=Ask B=Bid C=Call P=Put

WORLD STOCK MARKETS

AUSTRIA

Mar. 24	Price Schz.	+ or −
Creditanst'lt pp *	2,317	−33
Goesser *	3,450	
Interunfall *	13,700	−50
Jungbunzlauer *	18,900	
Laenderbank *	2,170	+20
Perlmooser	700	−30
Steyr Daimler	165	−1
Veitscher Mag *	9,420	+20

BELGIUM/LUXEMBOURG

Mar. 21	Price Frs.	+ or −
B.B.L.	2,810	−35
Banq. Gen. Lux	12,500	−50
Banq. Int.A.Lux	13,600	
Bekaert	10,100	+110
Ciment CBR	4,600	+70
Cockerill	161	−2
Delhaize	9,950	−550
EBES	4,620	−115
Electrobel	16,400	−950
Fabrique Nat.	2,095	+40
GB Inno BM	7,500	+50
GBL (Brux)	3,050	−40
Generale Bank	6,900	+150
Gevaert	6,730	+10
Hoboken	7,590	−10
Intercom	5,570	−95
Kredietbank	13,650	−375
Pan Hldgs	10,550	
Petrofina	7,160	+20
Royale Belge	23,700	
Soc. Gen. Belge	2,960	
Sofina	8,700	
Solvay	7,940	−140
Stanwick Intl	460	
Tractionel	6,150	+110
UCB	7,040	−60
Wagons Lits	6,490	−40

DENMARK

Mar. 24	Price Knr %	+ or −
Andelsbanken	424	+2
Baltica Skand	530	+10
Cop Handelsb'nk	325	+3
D. Sukkerfab	410	−5
Danske Bank	370	+6
De Danske Luft.	1,840	
East Asiatic	283	+2
Forenede Brygg.	970	
Forenede Damp.	250	−5
GNT Hld	660	[illegible]
[illegible]	[illegible]	[illegible]

FRANCE

Mar. 24	Price Frs.	+ or −
[illegible]	[illegible]	[illegible]
Air Liquide	670	−4
BIC	610	−72
Bongrain	1,880	+10
Bouygues	1,045	+62
BSN Gervais	3,820	−85
CIT Alcatel	2,260	+39
Carrefour	3,460	−30
Club Mediter'n	541	+4
Cie Bancaire	1,200	−18
Cofimeg	405	+5
Damart	3,240	+40
Darty	2,659	+29
Dumez S.A.	1,125	−33
Eaux (Cie Gen)	1,420	−25
Elf-Aquitane	239.5	+6.4
Essilor	2,450	
Gen.Occidentale	874	+6
Imetal	90	+1.4
Lafarge Coppee.	1,310	−10
L'Oreal	3,370	−50
Legrand	3,305	+25
Maisons Phenix	285	+26
Matra S.A.	1,827	−3
Michelin B	2,859	+24
Midi (Cie)	5,560	+180
Moet-Hennesey	2,185	−65
Moulinex	75.4	+3.9
Nord Est.	205.9	+2.9
Pernod Ricard	1,110	−5
Perrier	600	+10
Petroles Fra.	345.8	+11.0
Peugeot S.A.	1070	−9
Printemps (Au.)	634	−12
Radiotech	900	+56
Redoute	2,495	+95
Roussel Uclaf	1,425	+65
Safimeg	487	+17
Skis Rossignol	1,310	+10
Telemec Elect	3,240	+30
Thomson (CSF)	1,071	−9
Valeo	560	

GERMANY

Mar. 24	Price Dm.	+ or −
AEG	327	−5
Allianz Vers	2,310	−5
BASF	309	−6
Bayer	329.8	−5.2
Bayer.Hypo.	635	−6
Bayer-Verein	563	
BHF-Bank	517	−9
BMW	512	−3
Brown Boveri	297	−1
Commerzbank	308	−6
Cont'l. Gummi	224.7	−0.3
Daimler-Benz	1,231.5	−22.5
Degussa	446	−3
D'sche Babcock	216	−4
Deutsche Bank	809	−8
Dresdner Bank	429xr	−2
GHH	246	+2
Henkel	417.8	−3.2
Hochtief	938	−12
Hoechst	307	−8
Hoesch Werke	176.5	−3.5
Holzmann (P)	593	−12
Horten	236	
Hussel	482	−12
Karstadt	393	−15
Kaufhof	485	−4
KHD	302	−5
Kloeckner	96	−1.5
Linde	630	−5
Lufthansa	268	−6
MAN	203	−1
Mannesmann	267	−3.5
Mercedes Hld	1,110	−25
Metallgesell	340	
Muench Rueck	3,700	+20
Nixdorf	675	−2
Porsche	1,175	−10
Preussag	242	+2
Rhein West Elect	230.5	−4.5
Rosenthal	382	−3
Schering	566	−7
Siemens	669.5	−13.5
Thyssen	163.5	−7.5
Varta	351	−4
Veba	300	−2
V.E.W.	189	−6.5
Verein-West	460	−5
Volkswagen	576.5	−4

ITALY

Mar. 24	Price Lira	+ or −
Banca Com'le	27,500	−620
Bastogi-IRBS	754	+11
[illegible]	[illegible]	[illegible]

NETHERLANDS

Mar. 24	Price Fls	+ or −
ACF Holding	294.5	+2.5
AEGON	105.0	−3.3
Ahold	80.6	−0.4
AKZO	169	−0.8
ABN	585	−1
AMEV	76.4	−0.7
AMRO	105.8	−0.4
Bredero Cert	202.5	+1
Bos Kalis Westm.	17.7	+1.0
Buehrmann-Tet.	145	−4
Calland Hlgs	22.5	+0.2
Dordische Pet'm	181	+3
Elsevier-NDU	161.5	−0.5
Fokker	82.1	−1.7
Gist Brocades	268.5	
Heineken	242.5	+1
Hoogovens	94.5	−0.6
Hunter Doug N.V.	66.0	−1.5
Int Mueller	69	−1
KLM	51.9	+0.4
KNP	128.2	−2.3
Naarden	63.4	−0.1
Nat Ned Cert	75.6	−0.3
Ned Mid Bank	212.5	−2
Nedlloyd	176	−1.7
Oce Grinten	445	
Ommeren (Van)	30.6	−0.6
Pakhoed	66.3	+0.4
Philips	65	+0.5
Robeco	92.2	
Rodamco	139.9	−1
Rolinco	80	+1
Rorento	60.2	+0.4
Royal Dutch	188	+2
Unilever	412	−3.5
VMF Stork	305.5	
VNU	299.5	−2.5
Wessanen	247	−3.5
West Utr Bank	49.9	+0.1

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

NORWAY

Mar. 24	Price Kroner	+ or −
Bergens Bank	[illegible]	[illegible]
Borregaard	[illegible]	[illegible]
Christiania Bank	[illegible]	[illegible]
DenNorske Cred	[illegible]	[illegible]
Elkem	[illegible]	[illegible]
Kosmos	[illegible]	[illegible]
Kvaerner	[illegible]	[illegible]
Norcem	[illegible]	[illegible]
Norsk Data	[illegible]	[illegible]
Norsk Hydro	[illegible]	[illegible]
Storebrand	[illegible]	[illegible]

SPAIN

Mar. 24	Price Pta %	+ or −
Bco Bilbao	[illegible]	[illegible]
Bco Central	[illegible]	[illegible]
Bco Exterior	[illegible]	[illegible]
Bco Hispano	[illegible]	[illegible]
Bco Popular	[illegible]	[illegible]
Bco Santander	[illegible]	[illegible]
Bco Vizcaya	[illegible]	[illegible]
Dragados	[illegible]	[illegible]
Hidrola	[illegible]	[illegible]
Iberduero	[illegible]	[illegible]
Petroleos	[illegible]	[illegible]
Telefonica	[illegible]	[illegible]

SWEDEN

Mar. 24	Price Kronor	+ or −
AGA	[illegible]	[illegible]
Alfa Laval	[illegible]	[illegible]
ASEA (Free)	[illegible]	[illegible]
Astra (Free)	[illegible]	[illegible]
Atlas Copco	[illegible]	[illegible]
Cardo (Free)	[illegible]	[illegible]
Cellulosa	[illegible]	[illegible]
Electrolux B	[illegible]	[illegible]
Ericsson B	[illegible]	[illegible]
Esselte	[illegible]	[illegible]
Mo och Domsjo	[illegible]	[illegible]
Pharmacia	[illegible]	[illegible]
Saab Scania Free	[illegible]	[illegible]
Sandvik	[illegible]	[illegible]
Skandia	[illegible]	[illegible]
Skan Enskilda	[illegible]	[illegible]
SKF	[illegible]	[illegible]
Sonnesson	[illegible]	[illegible]
Stora Kopparberg	[illegible]	[illegible]
Sven Handelsbn	[illegible]	[illegible]
Swedish Match	[illegible]	[illegible]
Volvo B (Free)	[illegible]	[illegible]

SWITZERLAND

Mar. 24	Price Fra.	+ or −
[illegible]	[illegible]	[illegible]
Nestle	8,875	+100
Oer Buehrle	1,670	+20
Pirelli	445	+2
Sandoz (Br)	11,300	
Sandoz (Pt Cts)	1,790	+20
Schindler (PtCts)	805	−10
Sika	1,550	
Surveillance A	8,500	
Swissair	1,940	−25
Swiss Bank	576	+2
Swiss Reinsce	14,300	−500
Swiss Volksbk	2,460	−50
Union Bank	5,130	+5
Winterthur	6,425	
Zurich Ins.	6,425	−50

AUSTRALIA

Mar. 24	Price Aust $.	+ or −
Adelaide Steams	15.6	−0.3
ANZ Group	5.68	−0.04
Ampol Pet.	2.36	+0.02
Ashton	1.48	
Aust. Cons. Inds.	3.48	−0.02
Aust. Guarantee	3.2	+0.05
Aust. Nat. Inds	3.9	+0.12
APM	3.5	+0.03
Bell Group	7.2	+0.08
Bell Res	5	−0.2
Bond Corp Hldgs	3.25	+0.1
Boral	4.1	+0.08
Bougainville	2.8	+0.05
Brambles Inds	6.04	+0.08
Bridge Oil	1.68	
B. H. Prop.	6.52	+0.12
Burns Philp	6.4	+0.1
CRA	7.4	+0.02
CSR	3.48	+0.12
Chase Corp	6.8	+0.2
Claremont Pet	0.95	+0.05
Coles Myer	4.9	
Comalco "A"	2.65	+0.07
Consolidated Pet	0.17	+0.01
Costain Aust.	2.4	
Elders IXL	3.50	−0.08
Energ Res	1.67	+0.02

AUSTRALIA (continued)

Mar. 24	Price Aust.$	+ or −
[illegible]	[illegible]	[illegible]
Western Mining	4.07	+0.25
Westpac Bank	5.88	+0.12
Woodside Petrol	1.1	+0.05
Woolworths	3.55	−0.01
Wormald Intl	3.8	+0.05

HONG KONG

Mar. 24	Price H.K.$	+ or −
Bank East Asia	18.8	+0.1
Cheung Kong	19.6	+0.5
China Light	15.3	−0.1
Evergo	0.65	
Hang Seng Bank	43.25	+0.25
Henderson Land	1.79	+0.03
HK China Gas	13	+0.4
HK Electric	8.65	+0.1
HK Kowloon Wh.	6.35	+0.05
HK Land	5.9	+0.1
HK Shanghai Bk.	7.7	+0.1
HK Telephone	9.75	+0.3
Hutchison Wpa	25.8	+0.3
Intnl. City	0.97	
Jardine Math	11.8	+0.2
New World Dev.	5.7	
Orient O'seas	1.99	
SHK Props	11.6	+0.4
Shell Elect	1.0	
Swire Pac A	33	+1
TV—B	5.55	+0.05
World Int. Hldgs.	2.22	+0.05

JAPAN

Mar. 24	Price Yen	+ or −
Ajinomoto	1,390	
All Nippon Air	875	−10
Alps Electric	1,690	−10
Asahi Chem	800	−19
Asahi Glass	1,040	−10
Bank Tokyo	848	−8
Bridgestone	624	−5
Brother Inds	565	+5
Canon	986	+11
Casio Comp	1,450	−10
Chugai Pharm	1,220	−10
Daiei	1,090	+10
Dai Ichi Kan. Bk.	1,700	+60
Dai Nippon Ink	416	−13
Dai Nippon Ptg	1,800	−70
Daiwa House	1,070	−50
Daiwa Sec	1,120	−40
Eisai	1,610	−20
Fanuc	6,500	−30
Fuji Bank	1,700	+70
Fuji Film	1,840	+10
Fujisawa	1,140	−10
Fujitsu	994	+27
F'urukawa Elect.	384	−1
Green Cross	2,080	−50
Heiwa Real Est	1,060	−60
Hitachi	728	+10
Hitachi Credit	1,490	
Honda	1,070	+20
Indl. Bk. Japan	1,510	+40
Ishikawajima Hr.	171	−6
Isuzu Motors	357	+2
Itoh (C)	491	−19
Ito. Yokado	3,500	−40
JAL	11,800	+50
Jusco	1,200	
Kajima	720	−20
Kao Soap	1,370	−30
Kawasaki Steel	146	+3
Kirin	1,100	+10
Kobe Steel	180	−3
Komatsu	470	+8
Konishiroku	670	+1
Kubota	357	−14
Kumagai	863	−87
Kyocera	4,120	+70
Marubeni	326	−11
Marui	2,040	+20
Mazda Motors	379	+1
Meija Seika	633	
MEI	1,310	+20
M'bishi Bank	1,680	+60
M'bishi Chem	573	+7
M'bishi Corp	655	+9
M'bishi Elect.	333	+13
M'bishi Estate	1,870	

JAPAN (continued)

Mar 24	Price Yen	+ or −
[illegible]	[illegible]	[illegible]
Sanwa Bank	1,420	+20
Sanyo Elect	395	+4
Sapporo	885	−10
Sekisui Prefab	1,050	−20
Seven-Eleven	6,640	−90
Sharp	833	−2
Shimizu Constn	513	−7
Shionogi	985	−20
Shiseido	1,740	+80
Showa Denko	263	−1
Sony	3,620	+70
S'tomo Bank	2,010	+20
S'tomo Chem	303	−2
S'tomo Corp	840	−25
S'tomo Elect	930	−1
S'tomo Metal	143	+2
Taisei Corp.	439	−10
Taisho Marine	798	+19
Taiyo Kobe Bank	740	
Takeda	1,320	−30
TDK	3,660	+60
Teijin	490	+2
Toa Nenryo	1,480	
Tokai Bank	1,050	+62
Tokio Marine	1,330	+40
Tokyo Elect Pwr	3,700	−20
Tokyo Gas	405	−4
Tokyu Corp	851	−22
Toppan Print	1,530	
Toray	534	+14
Toshiba Elect	361	−2
Toyo Seikan	1,930	+40
Toyota Motor	1,210	+10
UBE Inds	256	−9
Victor	2,070	−10
Yamaha	624	−26
Yamaichi Sec	910	−10
Y'manouchi Phm	2,950	−20
Yamazaki	1,210	+60
Yasuda Fire	743	+12

SINGAPORE

Mar. 24	Price $	+ or −
Boustead Hldgs.	0.81	−0.01
Cold Storage	2.34	+0.05
DBS	4.50	+0.02
Genting	3.86	−0.02
Haw Par. Bros.	1.81	+0.02
Hong Leong Fin.	1.84	−0.01
Inchcape Bhd	1.20	−0.06
Keppel Shipyard	0.69	+0.01
Malay Banking	3.78	+0.04
Malay Utd. Ind	1.20	−0.03
Multi Purpose	0.41	+0.02
OCBC	6.15	
OUB	2.18	+0.04
Public Bank	0.89	+0.04
Sime Darby	1.26	+0.02
Singapore Air.	6.55	+0.05
Singapore Press.	5.80	+0.10
Straits Trdg.	1.97	
Tat Lee Bk	1.96	+0.02
UOB	3.02	+0.02

SOUTH AFRICA

Mar. 24	Price Rand	+ or −
Abercom	2.80	+0.08
AE&CI	11.75	−0.25
Allied Tech	65	
Anglo Am. Coal	45.75	−0.65
Anglo Am. Corp	46.25	+0.25
Anglo Am. Gold	246	+2.5
Barclays Bank	21	+0.25
Barlow Rand	16.45	
Buffels	80.0	−0.5
CNA Gallo	2.60	+0.05
Currie Finance	5.05	
De Beers	24.6	+0.5
Driefontein	56.25	−0.25
F.S.Cons.	36.25	+0.45
Gold Fields S.A.	43.75	+0.25
Highveld Steel	6.5	
Malcor	9.6	−0.1
Nedbank	6.70	+0.2
OK Bazaars	14.0	
Rembrandt	61.5	−0.5
Rust Plat	35.75	+0.55
Safren	17.00	−0.25
Sage Hldgs	11.4	−0.15
SA Brews	11.5	+0.1
Smith (CG)	30.25xd	
Tongaat Hulotts	8.30	+0.1
Unisec	6.60	

Indices

NEW YORK—DOW JONES

	March 24	March 21	March 20	March 19	March 18	March 17	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	1,787.84*	1,788.56	1,804.24	1,787.96	1,789.87	1,778.82	1804.24 (20/3/86)	1184.96 (4/1/85)	1804.24 (20/3/86)	41.22 (2/7/32)
Transport	802.93*	804.22	812.07	809.57	802.75	804.10	884.18 (14/3/86)	553.03 (4/1/85)	804.18 (14/3/86)	12.32 (8/7/32)
Utilities	184.85*	184.60	184.55	185.01	186.58	186.65	186.65 (14/3/86)	146.54 (4/1/85)	186.65 (14/3/86)	10.5 (28/4/42)
Trading vol		199m	148m	153m	148m	234.05	—	—	—	—

	March 14	March 7	Feb 28	Year Ago (Approx)
Ind Div Yield %	3.68	3.77	3.72	4.89

STANDARD AND POORS

	March 24	March 21	March 20	March 19	March 18	March 17	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	257.55*	258.83	261.61	268.38	268.39	258.81	261.61 (20/3/86)	128.24 (4/1/85)	261.61 (20/3/86)	3.62 (30/6/32)
Composite	233.01*	233.34	236.54	235.60	235.78	234.67	236.55 (14/3/85)	163.68 (4/1/85)	236.55 (14/3/86)	4.40 (1/6/32)

	Feb 19	Feb 12	Feb 5	Year Ago (Approx)
Ind div yield %	3.30	3.35	3.40	3.81
Ind. P/E Ratio	15.36	15.12	14.89	11.34
Long Gov Bond Yield	8.86	8.13	9.25	11.45

N.Y.S.E. ALL COMMON

March 24	March 21	March 20	March 19	1985 High	1985 Low
134.45*	134.88	136.13	135.57	136.17 (14/3/86)	94.60 (4/1/85)

RISES AND FALLS

	March 21	March 20	March 19
Issues traded	2,044	2,050	2,059
Rises	1,012	903	762
Falls	698	722	853
Unchanged	334	428	444

NYSE-Consolidated 1400 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Comw Ed	3,659,600	XD 33⅛	−⅝	Reynolds C	1,784,800	139	unch
ATT	3,453,400	XD 22⅝	−⅛	Bellsouth	1,241,100	51¾	+⅛
Union Carb	2,979,900	28⅝	+1⅛	IBM	1,172,300	147	−2
Genstar	2,176,400	40⅝	−⅛	Southern	1,148,800	23	+⅛
Mid-Sothl	2,175,800	13	+½	Gen Motors	878,000	84⅛	+½

Advances 548 Declines 1,093

TORONTO

	March 24	March 21	March 20	March 19	1985/86 High	1985/86 Low
Metals & Minls	2,424.4*	2,442.89	2,417.51	2,360.70	2,442.85 (21/3/86)	1740.82 (31/10/85)
Composite	3,043.9*	3,055.3	3,029.8	2,996.68	3,055.3 (21/3/86)	2348.5 (8/1/85)
MONTREAL Portfolio	1,578.82*	1,583.36	1,559.62	1,548.57	1,583.38 (21/3/86)	1,289.49 (4/1/85)

* Indicates pre-close figure

	Mar. 25	Mar. 21	Mar. 20	Mar. 19	1986 High	1986 Low
AUSTRALIA All Ord. (1/1/80)	1156.8	1136.7	1128.1	1123.3	1156.8 (24/3)	1018.8 (2/1)
Metals & Mins. (1/1/80)	602.8	572.3	564.3	558.0	602.8 (24/3)	492.5 (2/1)
AUSTRIA Credit Bk Aktien (2/1/62)	114.88	114.95	115.06	115.90	126.82 (16/1)	110.12 (5/3)
BELGIAN Brussels SE (1/1/80)	3447.65	3466.7	3456.69	3417.09	3466.7 (21/3)	2766.81 (15/1)
DENMARK Copenhagen SE (3/1/83)	(u)	240.60	239.26	239.16	240.60 (21/3)	214.37 (21/1)
FRANCE CAC General (3/1/80)	346.3	339.5	341.5	332.7	346.3 (24/3)	257.8 (2/1)
Ind Tendance (31/12/85)	134.4	132.5	131.7	128.2	134.4 (24/3)	101.6 (2/1)
GERMANY FAZ Aktien (31/12/58)	674.66	678.54	692.74	691.27	716.76 (15/1)	618.54 (27/2)
Commerzbank (1/12/53)	2043.7	2055.3	2102.2	2095.5	2161.8 (15/1)	1865.6 (27/2)
HONG KONG Hang Seng Bank (31/7/64)	1635.29	1611.73	1605.70	1559.94	1828.84 (8/1)	1559.94 (19/3)
ITALY Banca Comm Ital. (1972)	671.78	674.38	665.63	649.45	674.38 (21/3)	454.67 (24/1)
JAPAN** Nikkei (16/5/49)	14975.2	(c)	14755.3	14476.6	15018.19 (22/3)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1192.52	(c)	1172.58	1155.16	1192.52 (24/3)	1025.85 (21/1)
NETHERLANDS ANP.CBS General (1970)	262.9	263.5	265.3	266.7	267.0 (6/1)	240.4 (3/3)
ANP.CBS Indust (1970)	250.8	251.8	251.0	250.4	256.5 (17/1)	234.0 (3/8)
NORWAY Oslo SE (4/1/83)	354.71	352.85	351.93	354.65	402.91 (16/1)	341.35 (11/3)
SINGAPORE Straits Times (30/12/66)	585.38	582.35	576.65	569.68	644.89 (8/1)	569.66 (19/3)
SOUTH AFRICA JSE Gold (28/9/78)	—	1289.9	1270.5	1250.8	1307.9 (27/1)	1168.7 (18/2)
JSE Indust (28/9/78)	—	1200.8	1205.1	1192.0	1203.1 (20/3)	1089.5 (2/1)
SPAIN Madrid SE (30/12/85)	152.81	156.08	152.41	150.18	156.08 (21/3)	100.85 (3/1)
SWEDEN Jacobson & P (31/12/56)	2036.70	2002.22	1987.20	1975.76	2036.70 (24/3)	1729.57 (29/1)
SWITZERLAND SwissBankCpn (31/12/58)	581.9	581.8	581.9	579.8	625.5 (8/1)	554.7 (28/2)
WORLD M.S. Capital Intl. (1/1/70)	—	301.2	302.40	298.7	302.4 (20/3)	249.8 (23/1)

** Saturday March 22: Japan Nikkei 15,013.19. TSE 1,191.67

Base value of all Indices are 100 except JSE Gold—255.7. JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES			FALLS		
Addison Page	280	+30	Aitken Hume	148	−10
Argyle Trust	57	+6½	BL	45	−6
Bus Mgge Tst	140	+15	Barratt Dev	132	−8
CRA	358	+26	Beecham	373	−8
Chetwynd St	153	+8	BP	553	−20
Gable Props	160	+16	Burton	322	−26
Garton Eng	86	+6	DRG	296	−12
Glanfield L	70	+10	Ford (Martin)	97	−16
Gramp Hldgs	238	+18	Foseco Min	285	−13
Parker K A	383	+8	ICI	965	−28
Samuel Props	198	+6	LASMO	130	−12
Smith St A	44	+3	Magnetic Mat	85	−30
Staffs Pott	125	+7	Memec	380	−45
Tiphook	330	+32	Stylo	236	−19
Tunstall Tel	230	+30	Tricentrol	85	−6

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Continued from Page 45

Stock		Sales (Hnds)	High	Low	Last	Chng
ScanOp		396	12⅝	11⅞	11⅞	−⅝
ScanTrs		93	21¾	21¼	21½	+½
Scherer	.32	126	12⅞	12⅝	12⅝	
Sovrans	1.28	481	35¼	34¼	34¼	−1⅛
Speedy		602	25¾	25½	25½	−¼
Spctran		271	14¼	14	14	−1
SpecCtl	.07	320	9⅝	9¼	9⅜	−⅛
Spire		15	15¼	15¼	15¼	
ThorPr		10	4¾	4¾	4¾	−⅛
Thermd		48	15½	15¼	15½	+⅛
ThrdNs	.76	537	32	30½	32	+1¼
Thortec		275	7⅛	6⅞	6¾	−⅜
ThouTr		164	6⅛	6⅛	6¼	−⅛
Ventrex		4071	6¾	6¼	6⅜	
Vicorp	.12b	342	18⅜	18⅛	18⅜	+⅛
ViedeFr	.22e	154	7⅜	7	7¼	+¼
Viking		125	19½	19	19	−¼
Viratek		123	29¾	29	29½	
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prices at 3pm, March 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	10⅝	AAR s			21	189	23⅝	22¼	22½	−1¼
36	17¼	AFG			17	221	35½	35	35¼	−¼
25⅜	10¼	AGS			16	181	23⅜	23⅛	23⅛	−⅜
15	9⅞	AMCA				97	14⅞	14⅞	14⅞	−⅞
53¾	37½	AMR			9	2485	53¼	52	52⅝	+1
25¾	18⅝	AMR pf2.18		8.6		11	25⅜	25⅜	25⅜	
25¾	23¼	ANR pf2.67		11.		19	25⅛	25	25	−½
12½	7⅝	APL			7	140	11⅝	11⅝	11⅝	−⅛
16¾	10⅝	ARX			14	61	15⅝	15⅛	15½	+⅛
55⅝	32¾	ASA	2a	5.1		2329	39⅛	38¼	39	−¼
18⅝	10½	AVX		2.0		532	16⅝	15	15¼	−⅞
29⅞	21⅛	AZP	2.72	9.3	8	837	29½	29¼	29¼	+⅛
80¾	49½	AbtLab 1.68		2.1	21	1344	79⅞	78¾	79⅞	+1¼
31⅞	19⅝	AccoWd .50		1.7	21	462	30	29⅞	30	−⅛
24¾	10	AcmeC .40		3.1	18	288	12⅞	12⅝	12⅞	
9½	7	AcmeE .32b		3.8	16	25	8⅝	8⅝	8⅝	−⅛
19¾	16⅞	AdaEx 1.90e		10		89	19¼	18⅞	19	−⅛
28¼	14	AdmMl .40		1.4	12	44	u28½	27⅞	27⅞	−⅜
20⅜	8¾	AdvSys1 .36t		7.3	17	165	19⅛	18⅝	18⅝	−½
34	22⅛	AMD				2149	30⅛	29¾	29¾	
12⅝	8¼	Adobe n				48	9¾	9⅜	9⅜	−½
18⅜	14⅝	Adob pf1.84		11		16	16⅝	16⅛	16⅝	+¼
18⅝	15¼	Adob pf2.40		13.		12	18⅜	18¼	18¼	−⅜
17¾	8⅛	Adwest .12s		7	15	234	16¾	15⅞	16¼	−½
86	39⅞	AetnLf 2.64		4.2	16	4574	63⅞	61½	63¼	−⅛
57½	52⅛	AetL pf4.97e		9.4		90	52⅞	52⅜	52⅜	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 45

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NYSE COMPOSITE PRICES

Continued from Page 44

AMEX COMPOSITE PRICES

Prices at 3pm, March 24

Stock	Div	P/E	Sls 100s	High	Low	Close	Chng
AcmePr			1	3¼	3¼	3¼	−⅛
Acton			44	2	2	2	
AdRusl	16	21	84	34½	33	33	−1⅝
Aeronc			14	4⅝	4¼	4⅝	+⅛
AlliPbs	44	29	5	46½	46¼	46¼	−½
AirCal		14	67	10¼	10	10	−⅛
ArCalpf	20		37	13¼	13	13⅛	
AlbaW			87	7½	7	7⅛	+⅛
Alphaln			767	9⅝	9⅛	9⅝	+⅜
Amdahl	20	25	562	15⅜	15	15⅛	−⅛
Aisrael		6	64	11¼	10⅞	11¼	+⅛
AMzuA	52		45	1⅞	1½	1½	—
AmRoyl2	43e		862	6	d 5⅞	5⅞	
ASciE		40	55	7	6¾	6¾	
Ampal	06	10	127	2½	2⅜	2⅜	−⅛
Andal		15	2	9	9	9	−⅛
AndJcb			14	2¼	2⅛	2¼	−⅛
ArgoPt			50	⅞	⅞	⅞	
Armtrn			6	5⅞	5¼	5¼	
Arundl		11	17	25	24¾	24¾	−¼
Asmrg	20		252	7⅜	6¾	7	−⅝
Astrotc			517	2¼	2	2⅛	−⅛
AtlsCM			202	1	15-16	1	
Atlsswt			4	3⅝	3½	3½	
Avondl	80	30	212	27⅝	27¼	27¼	−¼
B B							
BAT In	16e	13	111	5 15-16	5 13-16	5 13-16	−1-16

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Continued on Page 43

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Weakness in computers checks rise

DISCORD among the Opec ministers, signalled by renewed falls in crude oil futures on the New York Mercantile Exchange, encouraged a rebound on Wall Street in early trading yesterday, *writes Terry Byland in New York.*

But the stock market lost its gains before mid-session, as the technology sector was undermined by a warning from Honeywell that profits would be down sharply in the first quarter. The bond market was very firm, although initial gains of a full point were soon trimmed.

At the close however, the Dow Jones industrial average was 14.37 up at 1,782.93.

The Dow was held back by weakness in computer stocks and oil, while losses in domestic energy issues brought a sharp dip in the American Stock Exchange index.

Atlantic Richfield, down $1⅝ at $51⅛ and Chevron, down $1⅛ at $36½, featured among the losses in oil. At $54⅛, Exxon weakened $⅝.

On the other side of the oil price scales, the Detroit motor stocks continued to forge ahead at first. Prices came off the top as support waned, leaving General Motors up $½ at $84¼ – little affected by the collapse of discussions for a bid for the Land Rover and Leyland units of BL, the UK state-owned motor group.

For similar reasons, airlines turned higher. However early gains were also trimmed. Pan Am shaded $⅛ to $8¾, but among domestic carriers, United held a $⅜ gain at $56⅝. Delta was $⅞ up at $42. Northwest Air, at $51⅛, eased $⅛ after warning of an operating loss for the first quarter.

The early euphoria in the stock market was checked by weakness in the technology sector. The blow came from Honeywell, which fell $3⅜ to $70⅞ after warning of a sharp fall in profits in the first quarter.

The latest indication of difficulties in the computer sector quickly brought a new setback in IBM stock. At $147⅞, down $1⅞ in hefty selling yesterday, Big Blue is now nearly 9 per cent off its 1986 peak and selling on an earnings ratio below that on the Standard & Poor's 500 stock index.

In the wake of the market leaders, Digital Equipment fell $1⅛ to $151⅛. A lone firm spot was Burroughs which announced a range of new products and edged up $⅛ to $63⅞. In the personal computer sector, Apple gave up $1, to $26⅝, of last week's gain.

There was heavy turnover in Union Carbide, up $1⅛ at $20⅞ although the Indian Government ruled out a reported $350m settlement of the Bhopal claims. Other chemicals were firm, spurred by renewed weakness in the dollar which benefits their overseas sales and by the sign of a further slide in prices for their oil-based feedstocks. Du Pont edged up $⅛ to $72⅞ after disclosing plans for a joint project with British Telecom.

Smithkline Beckman fell $1¼ to $87⅛ in moderate selling after withdrawing some products from retailers' shelves *following evidence of product tampering.* Merck dipped $1⅞ to $159⅞ and the remainder of the sector also weakened.

On the takeover front, Genstar, the Canadian building materials group, eased $⅛ to $39⅝ in heavy trading as speculators bailed out in the face of the $38.60 a share offer from fellow-American Imasco.

On the consumer pitches, Maytag, the washing machine manufacturer, was suspended at $45 and Magic Chef at $73 after news of merger discussions.

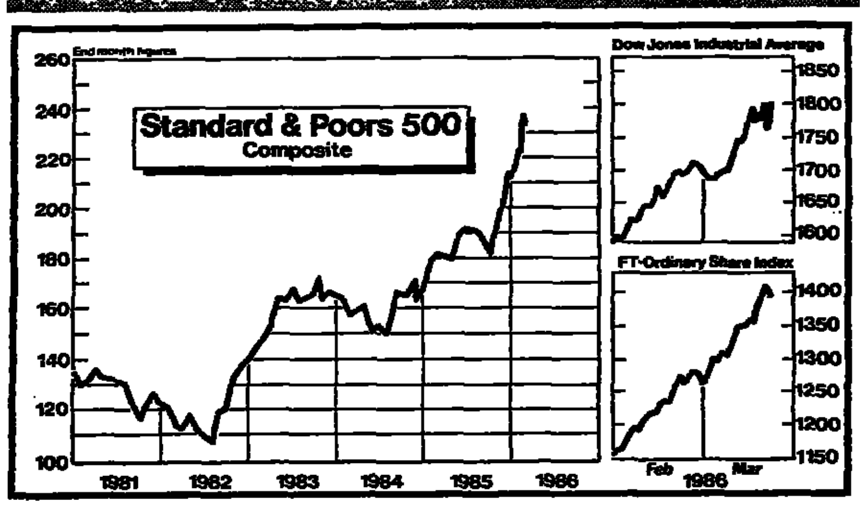
Merrill Lynch at $40⅝ shaded $⅝ as it sought stockholder approval for its anti-takeover measures.

There was heavy trading in some utility issues, notably Commonwealth Edison, which added $⅜ to $33⅜. Some analysts have begun to worry about the stock market's volatility and have advised clients to buy high-yielding issues for security against a market shakeout.

In the credit market, federal funds remained low at 7⅜ per cent, with the Fed again draining reserves by means of *matched sales and repurchases.*

The bond market opened firmly but gains were trimmed to around three quarters of a point at the long end after crude oil futures *slipped off their best levels.*

KEY MARKET MONITORS



STOCK MARKET INDICES

	March 24	Previous	Year ago
NEW YORK			
DJ Industrials	1,778.73*	1,768.56	1,267.45
DJ Transport	806.42*	804.22	594.88
DJ Utilities	186.65*	184.60	149.26
S&P Composite	234.01*	233.34	179.04
LONDON			
FT Ord	1,394.6	1,412.2	989.9
FT-SE 100	1,663.9	1,686.3	1,302.9
FT-A All-share	809.84	820.18	625.44
FT-A 500	890.70	902.91	683.66
FT Gold mines	309.4	312.0	499.7
FT-A Long gilt	9.12	9.14	10.59
TOKYO			
Nikkei	14,975.33	15,013.19	12,542.6
Tokyo SE	1,192.30	1,191.67	1,006.96
AUSTRALIA			
All Ord.	1,156.8	1,136.7	810.8
Metals & Mins.	602.8	572.3	498.7
AUSTRIA			
Credit Aktien	114.88	114.95	70.76
BELGIUM			
Belgian SE	3,447.83	3,466.7	2,308.6
CANADA			
Toronto			
Metals & Minls	2,424.4*	2,442.85	2,060.0
Composite	3,043.9*	3,055.3	2,605.5
Montreal			
Portfolio	1,578.92*	1,583.36	129.86
DENMARK			
SE	241.61	240.6	177.3
FRANCE			
CAC Gen	346.3	339.5	208.1
Ind. Tendance	134.4	132.5	73.8
WEST GERMANY			
FAZ-Aktien	674.66	678.54	421.58
Commerzbank	2,043.7	2,055.3	1,222.4
HONG KONG			
Hang Seng	1,635.29	1,611.73	1,360.69
ITALY			
Banca Comm.	671.78	674.38	278.99
NETHERLANDS			
ANP-CBS Gen	262.9	263.5	205.6
ANP-CBS Ind	250.8	251.8	166.8
NORWAY			
Oslo SE	354.71	352.85	306.37
SINGAPORE			
Straits Times	585.98	582.35	826.17
SOUTH AFRICA			
JSE Golds	–	1,289.9	1,004.4
JSE Industrials	–	1,200.8	876.2
SPAIN			
Madrid SE	152.81	156.06	82.24
SWEDEN			
J & P	2,036.70	2,002.22	1,417.60
SWITZERLAND			
Swiss Bank Ind	581.9	581.6	428.4
WORLD	Mar 21	Prev	Year ago
MS Capital Int'l	301.2	302.4	201.2

COMMODITIES

(London)	March 24	Prev
Silver (spot fixing)	381.35p	382.55p
Copper (cash)	£987.50	£972.50
Coffee (Mar)	£2,363.50	£2,445.50
Oil (Brent blend)	$12.50	$13.30

GOLD (per ounce)

	March 24	Prev
London	$350.75	$354.25
Zürich	$350.50	$353.00
Paris (fixing)	$354.04	$353.02
Luxembourg	$353.10	$352.00
New York (April)	$351.30	$357.40

CURRENCIES

(London)	US DOLLAR March 24	US DOLLAR Previous	STERLING March 24	STERLING Previous
$	–	–	1.489	1.5115
DM	2.2865	2.2415	3.405	3.3875
Yen	178.85	175.75	266.25	265.5
FFr	7.02	6.8975	10.455	10.425
SFr	1.917	1.8715	2.855	2.83
Guilder	2.5805	2.5285	3.8425	3.8225
Lira	1,552.25	1,525.0	2,311.25	2,305.5
BFr	46.75	45.65	69.6	69.0
C$	1.401	1.4005	2.0871	2.1049

INTEREST RATES

	March 24	Prev
Euro-currencies (3-month offered rate)		
£	11 7/16	11¼
SFr	4 3/16	4 3/16
DM	4 11/16	4 9/16
FFr	13½	12¾
FT London Interbank fixing (offered rate)		
3-month US$	7 5/16	7½
6-month US$	7½	7½
US Fed Funds	7 5/16*	7 7/16
US 3-month CDs	7.15*	7.22
US 3-month T-bills	6.405*	6.61

US BONDS

Treasury

		March 24* Price	March 24* Yield	Prev Price	Prev Yield
7⅛	1988	100	7.125	99 30/32	7.159
8¾	1993	105 28/32	7.624	105 22/32	7.672
8⅞	1996	107 28/32	7.711	107 19/32	7.76
9¼	2016	115 6/32	7.919	114 27/32	7.942

Treasury Index

Maturity (years)	March 24* Return index	March 24* Day's change	Yield	Day's change
1–30	148.33	+0.53	7.65	–0.05
1–10	141.46	+0.34	7.47	–0.05
1– 3	133.29	+0.19	7.25	–0.04
3– 5	143.59	+0.33	7.56	–0.05
15–30	172.92	+1.22	8.27	–0.07

Source: Merrill Lynch

Corporate	March 24* Price	March 24* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101⅜	9.85	101⅜	9.85
3⅝ July 1990	89½	6.75	89½	6.75
8¾ May 2000	97½	9.05	97½	9.05
Xerox				
10⅞ Mar 1993	108	8.21	108	8.21
Diamond Shamrock				
10⅜ May 1993	101.21	10.25	101.21	10.25
Federated Dept Stores				
10⅞ May 2013	109⅞	9.60	108⅝	9.70
Abbot Lab				
11.80 Feb 2013	114½	10.20	114½	10.20
Alcoa				
12¼ Dec 2012	113¼	10.53	113¼	10.53

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	97–08	97–21	96–21	96–09
US Treasury Bills (IMM) $1m points of 100%				
June	93.86	93.89	93.84	93.82
Certificates of Deposit (IMM) $1m points of 100%				
June	93.10	93.10	93.10	93.06
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.81	92.82	92.74	92.79
20-year Notional Gilt £50,000 32nds of 100%				
June	124–17	125–00	124–15	125–03

* *Latest available figures*

New margin limit sparks downturn

TIGHTER controls on margin trading sparked light selling in Tokyo yesterday, taking leading stocks lower and the Nikkei stock average below 15,000, *writes Shigeo Nishiwaki of Jiji Press.*

Among stocks to lose ground were electricity and gas utilities, government investment and loan programme-linked shares, and railways.

After fluctuating during the session, the Nikkei average closed at 14,975.23, off 37.96 points from Saturday. It firmed 32 points at one stage in the morning and plunged 169 points in the afternoon. Volume was 744.90m shares, down from Friday's 864.42m. Declines led advances by 576 to 289, with 117 issues unchanged.

The Tokyo Stock Exchange cut the collateral assessment rate from 70 per cent to 60 per cent from yesterday after the Nikkei average soared to more than 15,000 on Saturday for the first time. The measure followed an increase in the margin trading requirement from 50 per cent to 60 per cent on March 13. The exchange also called for self-restraint by investors.

Tokio Marine and Fire Insurance was the most active stock with 28.62m shares changing hands. It closed Y40 up at Y1,330, after fluctuating between Y1,260 and Y1,400.

Nippon Express, third busiest with 24.12m shares, put on Y10 to Y880 on renewed investor enthusiasm in its off-the-book assets. Mitsubishi Estate rose Y90 at one point but closed unchanged from Saturday's Y1,870.

Sumitomo Metal Mining climbed Y240 to a record Y2,170 with the second largest volume of 24.9m shares on revived interest in the gold deposits at its Hishikari mine in Kagoshima, southern Japan. The previous peak of Y2,040 was reached on July 2 last year.

Kurabo Industries firmed Y29 to Y420, reflecting growing interest in the hidden assets of textile and paper-pulp makers. Toyobo rose Y23 to Y363 and Oji Paper Y69 to Y689.

However, Tokyo Electric Power weakened Y20 to Y3,700 and Kajima, a major contractor, eased Y20 to Y720. Blue chips remained out of favour.

Elsewhere, department stores strengthened on steady consumer spending with Mitsukoshi rising Y16 to Y872. Hasegawa Komuten, an estate agent specialising in apartments, advanced Y61 to Y750.

Bond prices moved erratically. The yield on the benchmark 6.2 per cent government bond due in July 1995 moved up to 4.730 per cent at one stage from 4.720 per cent, but closed at an all-time low of 4.645 per cent.

While some investors were wary of the high prices, others bought briskly on hopes of another cut in the Bank of Japan's discount rate.

SOUTH AFRICA

GOLDS closed mixed in Johannesburg as the bullion price lost gains scored over the weekend.

Driefontein ended the session 25 cents down at R56.25, and Buffelsfontein was 50 cents lower at R80. Gold Fields added 25 cents to R43.75.

Other mines and mining financials were generally firmer, with Anglo American up 25 cents to R46.25.

SINGAPORE

CAUTION dominated Singapore in the absence of fresh factors, but some bargain-hunting and short-covering helped lift the Straits Times industrial index 3.63 to 585.78.

Banks generally showed gains of a few cents. DBS added 2 cents to S$4.50 and OUB 4 cents to S$2.18. However, OCBC was steady at S$6.15.

● The stock exchange says it will honour contracts transacted through the exchange including those with member *companies under independent management,* receivership or liquidation. This follows reports that some investors have not been paid for shares sold through brokers facing financial problems in the wake of the collapse in November of Pan-Electric Industries.

Preoccupied with plans for Easter

TRADERS in Europe yesterday appeared to be preoccupied with their plans for Easter celebrations and shares were mostly ignored. France, however, continued *to prove the exception.*

In **Paris,** investors shrugged off Wall Street's poor performance on Friday – as well as dollar and oil worries – and confidence in the newly appointed Government and its economic programme continued to buoy trading.

Broad advances were made across the board and non-voting shares of nationalised companies were in demand as investors anticipated the Government's privatisation plans.

All sectors made gains, although some selective selling dragged construction and food issues lower.

BSN-Gervais, which is buying a stake in Générale Biscuit, faded FFr 85 to FFr 3,820, champagne to rosebush group Moët Hennessy gave up FFr 65 to FFr 2,185 and Pernod Ricard lost FFr 5 to FFr 1,110.

Elsewhere, Redoute continued to gain *strongly* with a FFr 95 rise to FFr 2,495 and CIT Alcatel added FFr 39 to FFr 2,260.

The Commerzbank index in **Frankfurt** fell 11.6 to 2,043.7 as recent gains in export-oriented stocks were eroded.

In the chemical sector, Hoechst dropped DM 8 to DM 307 and Bayer gave up DM 6 to DM 329, while electrical Siemens ended at DM 671 after a loss of DM 12.

Deutsche suffered the sharpest drop among banks, shedding DM 8 to DM 810.50, insurer Allianz held steady at DM 2,315 and Bayernverein gained DM 2 to DM 565 on news that it may keep its 1985 dividend on this year's results.

Machinery maker Linde gave up DM 5 to DM 630 and steel group Klöckner-werke slid DM 1.50 to DM 96.

Bond market investors were also hesitant about opening new positions ahead of the Easter break and prices eased by as much as 20 basis points.

The Bundesbank bought DM 2.9m worth of domestic paper after selling DM 2.4m on Friday.

Amsterdam faded as nervousness over the dollar set in.

Royal Dutch picked up Fl 4.50 in early trading but as the dollar eased and the Opec meeting was adjourned without any agreement, the Anglo-Dutch oil group narrowed its gain to close up only Fl 2 at Fl 188.

NMB lost Fl 1 to Fl 212.50, insurer Aegon dropped Fl 3.20 to Fl 105, while in the publishing sector VNU gave up Fl 2.50 to Fl 299.50 and Elsevier ended 50 cents lower at Fl 181.50.

Bonds were lower where changed.

Brussels ended mixed to easier. Holding company Société Générale de Belgique lost BFr 5 to BFr 2,900 as rumours circulated that it would soon announce a rights issue.

Bekaert, the wiremaker which is in a joint venture with BHP Australia's largest industrial group, added BFr 110 to BFr 10,100.

Sofina, the investment holding group, is planning to raise its dividend for 1985. It ended unchanged at BFr 8,700.

Zurich was mixed in the absence of any fresh factors.

Higher profits and dividends at Hoffmann-la Roche pushed it SFr 500 up to SFr 131,750.

Bonds were mixed, with domestic issues continuing their firmer tone.

Milan's bull-run slowed as investors paused to assess their positions and take profits. The market appeared to ignore the decision on Friday to cut the discount rate.

Among insurers, RAS fell L3,490 to L45,000, while Generali rose L800 to L118,500.

Snia put on L65 to L7,490 and announced higher profits for 1985.

Madrid was lower as utilities led the downward move.

AUSTRALIA

DEMAND for golds and minings again helped to lift Sydney to new peaks yesterday and the All Ordinaries index closed 19.9 up at a record 1,156.8.

BHP added 12 cents to A$6.52 after Mr Robert Holmes à Court said he was abandoning his takeover bid, but hinted at a new offer. His takeover vehicle, Bell Resources, slipped 20 cents to A$5.

Among actives diversified mining house CRA added 20 cents to a record A$7.40, while MIM rose 20 cents to A$2.95 ex-rights and Western Mining 29 cents to A$4.07. Poseidon, however, slipped 15 cents to A$3.

Oils firmed with the trend. Vamgas was up 5 cents to A$2.35 and Santos 7 cents to A$3.90.

Banks, after slipping in early profit-taking, also showed gains. National Australia was up 2 cents at A$6.06 ex-dividend and Westpac 12 cents at A$5.88.

Elsewhere News Corporation added 25 cents to A$16.75 and Herald and Weekly Times soared A$1.40 to A$6.50.

LONDON

Big retreat follows shake-out

EFFORTS to shake out loose short-term equity holders sent London into its biggest retreat since December last year. The FT Ordinary *index lost 17.6 to close* at 1,394.6.

Among actives Addison Page jumped 30p on news that it is to merge with Chetwynd Streets, up 8p at 153p. ICI, however, slipped 26p to 965p on reports that it could face EEC price-fixing *accusations.*

Elsewhere among actives British Aerospace added 14p to 606p, Imperial Group 3p to 347p, Lowe Howard-Spink 17p to 405p and *Tunstall Telecom 30p to* 330p.

Losses were recorded by Boots down 5p at 267p, BP 20p lower at 553p, Lloyds Bank which shed 12p to 646p and Shell Transport down 9p at 765p.

Gilt-edged securities saw buyers turning away in later trading following sterling's less bouyant trend against the dollar. Few short or longer-dated maturities showed net gains on the session.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40–41

HONG KONG

PROPERTIES led Hong Kong sharply higher in late buying interest spurred partly by Jardine Matheson's improved results announced on Friday.

The Hang Seng index closed 23.56 up at 1,635.29.

Jardine Matheson added 20 cents to HK$11.80, while Hutchison Whampoa rose 30 cents to HK$25.80 and Swire Pacific HK$1 to HK$33.

Among properties, Cheung Kong was up 30 cents at HK$19.60, Hongkong Land 10 cents at HK$5.90 and Hongkong and Kowloon Wharf 5 cents at HK$6.35.

CANADA

OILS and other resources traded weaker in Toronto after last week's rally to record levels.

Imperial Oil Class A traded C$1¼ down to C$45⅝, while among golds Lac Minerals was C$¼ down at C$21⅞ and Campbell Red Lake lost C$⅝ to C$26⅝.

In Montreal banks were slightly ahead, while industrials and utilities traded largely steady.